



CITY COUNCIL MEETING

February 16, 2016 – Agenda

Mt. Si Senior Center, 411 Main Ave. S., North Bend, Washington

7:00 P.M. – CALL TO ORDER, ROLL CALL, FLAG SALUTE

CONSENT AGENDA:

		Pg.#
1) Minutes	Council Meeting of February 2, 2016	1
2) Payroll	February 5, 2016 – 27423 through 27429, in the amount of \$188,987.97	
3) Checks	February 16, 2016 – 62321 through 62404, in the amount of \$403,116.67	
4) AB16-014	Motion - Amending Work Order with Tetra Tech RE Bendigo Right Turn Lane Project	Mr. Rigos 5
5) AB16-015	Motion - Authorizing Purchase of ULID 6 Lift Station Equipment	Mr. Rigos 15
6) AB16-016	Motion - Authorizing Contract with G&O for Storm Drainage Rate Study	Mr. Rigos 19
7) AB16-017	Motion - Authorizing Purchase of Water Meter Readers from HD Supply	Mr. Rigos 31
8) AB16-018	Motion - Authorizing On-Call Contract with Cascade Machinery	Mr. Rigos 37
9) AB16-019	Motion - Authorizing Work Order with BlueLine for Capital Projects Engineering Services	Mr. Rigos 53

CITIZEN'S COMMENTS: (Please restrict comments to 3 minutes)

COMMISSION AND COMMITTEE REPORTS:

Planning Commission	Community & Economic Development – Councilmember Pettersen
Parks Commission	Finance & Administration – Councilmember Rosen
Economic Development Commission	Public Health & Safety – Councilmember Gothelf
	Transportation & Public Works – Councilmember Loudenback
	Mayor Pro Tem – Councilmember Loudenback
	Eastside Fire & Rescue Board – Councilmember Gothelf

INTRODUCTIONS:

10)AB16-020	Motion - Authorizing ILA with WA State DES RE Energy Saving Performance Contract	Mr. Deberg 57
11)AB16-021	Motion - Authorizing Contract with Ameresco for Energy Audit	Mr. Rigos 83

MAYOR, COUNCIL & ADMINISTRATOR CONCERNS AND INITIATIVES: (Business and general information presented that may be deliberated upon by the Council. Formal action may be deferred until a subsequent meeting; immediate action may be taken upon a vote of a majority of all members of the Council.)

ADJOURNMENT:

DRAFT

NORTH BEND CITY COUNCIL MINUTES

February 2, 2016

Senior Center, 411 Main Ave. S., North Bend, Washington

CALL TO ORDER, ROLL CALL:

Mayor Hearing called the regular meeting to order at 7:00 p.m.

Councilmembers Present: Elwood, Kostanich, Loudenback, Pettersen, Rosen and Volken. Councilmember Gothelf was excused.

Councilmember Pettersen **MOVED**, seconded by Councilmember Rosen to add AB16-013 an Ordinance Establishing Interim Zoning Regulations RE Constrained Low Density Residential Zone as the first item for discussion on the main agenda. The motion **PASSED** 6-0.

CONSENT AGENDA:

Minutes – Council Meeting of January 19, 2016

Payroll – January 20, 2016 – 27416 through 27422, in the amount of **\$152,021.17**

Checks – February 2, 2016 – 62266 through 62320, in the amount of **\$460,710.08**

AB16-009 – Resolution 1710 Authorizing Sublease with Les Schwab for Torguson Park

AB16-010 – Motion Authorizing Purchase of Park Signs from RainMaker Signs

Councilmember Rosen **MOVED**, seconded by Councilmember Elwood to approve the consent agenda as presented. The motion **PASSED** 6-0.

CITIZENS COMMENTS:

Dave Olson, 440 Main Ave S, reported the Kiwanis had begun planning for their upcoming fireworks sales.

Paula Lodahl, 435 SE Maple Drive, expressed concern for pedestrian safety near SE Orchard Drive and Healy Avenue South in the old Si View neighborhood and requested the City consider pedestrian safety enhancements to the area.

Mick Acierno, Circle River neighborhood, expressed concern over recent incidents involving the Snoqualmie Police Department.

DRAFT

ANNOUNCEMENTS, PRESENTATIONS, APPOINTMENTS:

Presentation – Police Services Update

Audio: 11:18

Police Chief McCulley provided an end of the year update on police services which included discussion on the following items: staffing, calls for service, patrol statistics, community oriented policing events, records/evidence, and 2015 challenges and goals.

Presentation – 2015 Community Spirit Award

Audio: 20:34

Mayor Hearing presented the 2015 Community Spirit Award to Snoqualmie Valley Relay for Life. Relay for Life Event Lead Chair Bev Jorgensen accepted on behalf of the organization.

Mayor Hearing recessed the meeting at 7:31 p.m. for a ten minute break to celebrate the award.

Mayor Hearing called the meeting back to order at 7:41 p.m.

INTRODUCTIONS:

**AB16-013 – Ordinance 1578 Establishing Interim Zoning Regulations
RE Constrained Low Density Residential Zone**

Audio: 31:52

Community & Economic Development Director Estep provided the staff report.

Councilmember Pettersen **MOVED**, seconded by Councilmember Rosen to approve AB16-013, an ordinance establishing Interim Zoning Regulations as authorized by the Growth Management Act & amending the North Bend Municipal Code relating to the Constrained Low-Density Residential Zone, as a first and final reading. The motion **PASSED** 5-1 (Volken).

**AB16-011 – Ordinance Amending NBMC 18.10.025 Special Districts
RE Tanner Junction MPOD**

Audio: 51:55

Senior Planner Burrell provided the staff report.

Bob Hibbs, property owner and representative of Rexford R Hibbs Irrevocable Trust, discussed his plans for the property if the requested Tanner Junction Master Plan Overlay District was approved by Council.

Gary Fancher, 47532 SE 137th Street, Planning Commission Chair, noted the Planning Commission supported the Tanner Junction MPOD.

DRAFT

Councilmember Pettersen **MOVED**, seconded by Councilmember Rosen to postpone to a later date consideration of AB16-011, an ordinance amending North Bend Municipal Code Chapter 18.10.025, Special Districts, as it pertains to the Tanner Junction Master Plan Overlay District. The motion **PASSED** 6-0.

AB16-012 – Ordinance Amending NBMC 18.10.050 RE Cottage
Housing Performance Standards

Audio: 1:25:21

Senior Planner Burrell provided the staff report.

Councilmember Pettersen **MOVED**, seconded by Councilmember Rosen to postpone to a later date consideration of AB16-012, an ordinance amending NBMC 18.10.050 relating to Cottage Housing Performance Standards. The motion **PASSED** 6-0.

MAYOR, COUNCIL, AND ADMINISTRATOR CONCERNS AND INITIATIVES:

Councilmember Pettersen announced the Valley Center Stage would be holding a dinner theater event on February 19th & 20th at Boxley's Restaurant.

Councilmember Volken thanked Public Works Director Rigos for his efforts to help reduce semi-truck traffic along North Bend Way.

City Administrator Lindell reported on upcoming topics at City Staff's Management Retreat that would be held in early March.

Mayor Hearing spoke regarding the following items:

- Cedar Falls Way Walkway Project Construction – February 8th – March 31st
- Reduction of Truck Traffic in the Downtown Core

EXECUTIVE SESSION:

Mayor Hearing recessed the regular meeting for an Executive Session at 8:52 p.m. to discuss a collective bargaining agreement, pursuant to RCW 42.30.140(4) and a real estate acquisition, pursuant to RCW 42.30.110(1)(b). No action was anticipated as a result of the Executive Session, which was expected to last sixty minutes and videotaping of the meeting ceased.

The regular meeting was reconvened at 9:50 p.m.

ADJOURNMENT:

Councilmember Gothelf **MOVED** to adjourn, seconded by Councilmember Rosen. The motion **PASSED** 6-0.

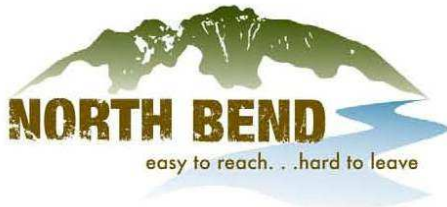
DRAFT

The meeting adjourned at 9:51 p.m.

ATTEST:

Kenneth G. Hearing, Mayor

Susie Oppedal, City Clerk



City Council Agenda Bill

SUBJECT:		Agenda Date: February 16, 2016		AB16-014											
A Motion Authorizing Amendment #2 to the Work Order with Tetra Tech for the Bendigo Right Turn Lane Transportation Capital Project		Department/Committee/Individual													
		Mayor Ken Hearing													
		City Administrator – Londi Lindell													
		City Attorney - Mike Kenyon													
		City Clerk – Susie Oppedal													
		Community & Economic Development – Gina Estep													
		Finance – Dawn Masko													
		Public Works – Mark Rigos, P.E.		X											
Cost Impact: \$6,358.79															
Fund Source: Streets Capital (310)															
Timeline: Immediate															
Attachments: Exhibit A – Work Order Amendment; Exhibit B – Vicinity Map															
SUMMARY STATEMENT: On April 21, 2015 the City Council authorized Mayor Hearing to enter into a contract with Tetra Tech to design a northbound right turn lane at the intersection of Bendigo Boulevard (State Route 202) and Park Street. This project was listed as the #2 priority transportation capital project in the City’s 2015 – 2020 Transportation Improvement Program (TIP). The design of the right turn lane is nearing 100% completion. The additional roadway width necessary to accommodate the new right-turn lane and bicycle lane causes the improvements to extend beyond the existing Bendigo right-of-way. This necessitates a property dedication from the adjacent City of North Bend owned parcels (tax parcel numbers 8570900240 and 8570900241) to WSDOT right-of-way. Work associated with this item was administratively approved via Amendment #1 to the contract. Costs are detailed in the table below. Amendment #2 relates to coordination with WSDOT and separate franchise utility staff. The original work scope and fee estimate anticipated one round of plans and specifications review by WSDOT. Due to the number of WSDOT and franchise comments on the first round of review, Tetra Tech is anticipating up to three rounds of review for this project. Additionally, WSDOT has generally been somewhat unresponsive, requiring extra effort for coordination. Also related to Amendment #2 is utility coordination. The original work scope and fee estimate anticipated two field meetings and a few hours of additional coordination with the affected utility companies (franchises). Two out of the three affected utilities have been shuffling staff, requiring multiple field meetings and many hours of coordination that was not anticipated for this project. Costs for this amendment are also detailed in the table below.															
<table><tr><th>Item</th><th>Fee Estimate</th></tr><tr><td>Original Contract</td><td>\$53,496.95</td></tr><tr><td>Amendment #1</td><td>\$ 2,253.68 (Administratively Approved)</td></tr><tr><td>Amendment #2</td><td>\$ 6,358.79</td></tr><tr><td>Total Revised Contract</td><td>\$62,109.42</td></tr></table>		Item	Fee Estimate	Original Contract	\$53,496.95	Amendment #1	\$ 2,253.68 (Administratively Approved)	Amendment #2	\$ 6,358.79	Total Revised Contract	\$62,109.42				
Item	Fee Estimate														
Original Contract	\$53,496.95														
Amendment #1	\$ 2,253.68 (Administratively Approved)														
Amendment #2	\$ 6,358.79														
Total Revised Contract	\$62,109.42														
COMMITTEE REVIEW AND RECOMMENDATION: This item was reviewed by the Transportation and Public Works Committee at their February 10, 2016 meeting with the recommendation for approval and placement on the consent agenda.															
RECOMMENDED ACTION: MOTION to approve AB16-014, authorizing Amendment #2 to the Work Order with Tetra Tech for the Bendigo Right Turn Lane Transportation Capital Project, in an amount not to exceed \$6,358.79.															
RECORD OF COUNCIL ACTION															
<i>Meeting Date</i>		<i>Action</i>		<i>Vote</i>											
February 16, 2016															

EXHIBIT A

**CITY OF NORTH BEND
WORK ORDER
2015 – 7 Amendment #2**

This work order dated the _____ day of _____ 2016 is to specify services to be provided under the On-Call Professional Services contract which has been entered into by the CITY OF NORTH BEND (City) and Tetra Tech, Inc. (Consultant). This work order is for the below mentioned project/scope of work.

Work Order No.:	2015-7 – Amendment #2		
Project Name:	Bendigo - Park Right Turn Lane		
Project No.:	T-010	Amount:	\$ 6,358.79
City Project Lead:	Don DeBerg, PE City Engineer	(Authorized cost of work not to be exceeded without written authorization)	

SCOPE OF WORK:

Tetra Tech will provide additional coordination with utilities and WSDOT as detailed in the attached Exhibit A, "Scope of Work" in addition to the original scope of work for the project. The estimated fee for this additional work is detailed in Exhibit B. The revised fee is as described below:

Original Fee:	\$53,496.95
Amendment 1:	\$ 2,253.68
Amendment 2:	\$ 6,358.79
Revised Fee:	\$62,109.42

This work included in this work order is described in detail in the attached scope of work. The compensation will be on a time and materials basis, not to exceed the above amount.

CONSULTING FIRM:**CITY OF NORTH BEND:**_____
Authorized Signature_____
Date_____
Authorized by_____
Date

NOTE: The City of North Bend will not be liable for charges for services not authorized by a fully executed work order.

FOR INTERNAL USE ONLY

Funds for work available through the following account:

402-535-80-48

Distribution: Original: City Clerk**Copies:** Project Lead, Consultant, Accounting Coordinator

EXHIBIT A
Scope of Work
Supplement 2

Bendigo BLVD at Park Street – North Bound Right Turn Lane

PROJECT DESCRIPTION

On behalf of the City of North Bend, the work to be performed by Tetra Tech consists of preparing the full design, bid support, and potential construction support services to constructing a northbound right turn lane at the intersection of Bendigo BLVD (SR 202) and Park Street in the City of North Bend.

This scope of work is supplemented to include additional scope for extra WSDOT and Utility coordination to support the project.

I. DESIGN SERVICES

Task 3 – Design, PS&E, and Coordination

Develop full Plans, specifications and engineers estimate as well as supporting design documentation, utility coordination, and WSDOT coordination to prepare this project for advertisement to construct.

Subtask 3.2 Utility Coordination

Three additional rounds of coordination with Utility purveyors, Comcast, CenturyLink, and PSE Power and Gas.

Deliverable:

- Continued updates to the Utility Coordination Log

Subtask 3.3 WSDOT Coordination

Additional (up to two) rounds of coordination with the WSDOT NW Region Developer Services office in order to obtain ADA MEF, design, and Channelization Plan approval.

Deliverable:

- Second and final round of ADA documentation and Channelization plans for review and approval by WSDOT

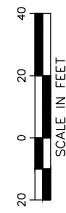
EXHIBIT B
Consultant Fee Determination

Tetra Tech, Inc.
City of North Bend
Bendigo BLVD (SR 202) at Park Ave - North Bound Right Turn Lane
Contract #2015-7, Supplement 2 Added WSDOT and Utility Coordination

100-BEL-15-056

FEE ESTIMATE										Tetra Tech, Inc				
Rates														
										62.57	53.06		29.00	
Work Element	SO Sr. Project Manager	JL Project Engineer	AA CADD/GIS	TOTAL	DSC	169.32% OH	35.0% FEE	TOTAL						
3.0 Design, PS&E, and Coordination	16	16	8	40	\$ 2,082.08	\$ 3,525.38	\$ 728.73	\$	6,336.19					
3.2 Utility Coordination	8													
3.3 WSDOT Coordination	8	16	8											
	16	16	8	40	\$ 2,082.08	\$ 3,525.38	\$ 728.73	\$	6,336.19					
	REIMBURSABLE EXPENSES (REIMB):				40	0.565			\$22.60					
	Design Services Mileage								\$0.00					
	Reproduction								\$22.60					
	Total:													
TOTAL									\$ 6,358.29					

Council Packet February 16, 2016



- ① PLASTIC WHITE WIDE LANE LINE PER WSDOT STD PLAN M-20.10-02.
- ② PLASTIC WHITE WIDE DOTTED LANE LINE PER WSDOT STD PLAN M-20.10-02.
- ③ 24" WHITE PLASTIC STOP LINE.
- ④ PLASTIC WHITE BICYCLE LANE SYMBOL PER WSDOT STD PLAN M-9.50-02.
- ⑤ CONCRETE CURB AND GUTTER. (SEE SHEET C-03)
- ⑥ PLASTIC WHITE TRAFFIC ARROW PER WSDOT STD PLAN M-24.40-02.
- ⑦ PLASTIC WHITE CROSSWALK LINE PER WSDOT STD PLAN M-15.10-01.
- ⑧ PERPENDICULAR CURB RAMP PER WSDOT STD PLAN F-40.15-02.

1. ALL EXISTING PAVEMENT MARKING CONFLICTING WITH PROPOSED PAVEMENT MARKING SHALL BE REMOVED.

or 1-800-424-5555

CITY ENGINEER OR PUBLIC WORKS DIRECTOR



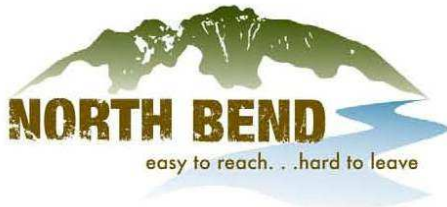
www.tetrateth.com

400 112TH AVE NE, SUITE 400
BELLEVUE, WA 98004
TEL 425.635.1000 FAX 425.635.1150

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CITY OF NORTH BEND
BENDIGO BLVD AT PARK STREET
NORTHBOUND RIGHT TURN LANE
CHANNELIZATION AND SIGNING PLAN

60% DESIGN
SUBMITTAL
SEPTEMBER 2013



City Council Agenda Bill

SUBJECT:	Agenda Date: February 16, 2016	AB16-015
A Motion Authorizing the Purchase of Equipment for the ULID #6 Lift Station from APSCO, LLC.	Department/Committee/Individual	
	Mayor Ken Hearing	
	City Administrator – Londi Lindell	
	City Attorney - Mike Kenyon	
	City Clerk – Susie Oppedal	
	Community & Economic Development – Gina Estep	
	Finance – Dawn Masko	
Cost Impact: \$37,080.45	Public Works – Mark Rigos, P.E.	X
Fund Source: Sewer Operating Fund (402)		
Timeline: Immediate		
Attachments: Quote		

SUMMARY STATEMENT:

The Utility Local Improvement District (ULID) #6 Sewer Lift Station at the Wastewater Treatment Plant was originally installed in the Fall of 2010 as part of the large sewer ULID project that provided sewer collection and conveyance to the eastern third of the city. The lift station contains a large, concrete wet well with three submersible pumps. One pump is rated at 1,300 gallons per minute (gpm) while the other two are rated at 2,600 gpm.

In October, 2012 the small pump failed and was repaired with funds supplied by the City's insurance carrier. The total amount of the insurance settlement was \$26,915.04. An investigation into the cause of the failure, conducted by the manufacturer, concluded that a "very hard piece of debris" was ingested by the pump and became wedged between the impeller and volute liner (the part that surrounds the impeller), causing a cascade effect that ultimately resulted in the need to replace the pump motor and numerous components in the pump itself. The repaired pump was placed back into service in March 2013.

In October, 2013 the repaired pump suffered another failure and was removed from service. The pump was again evaluated by the manufacturer, who again, concluded that the failure was caused by "ingestion of hard material". The manufacturer also recommended replacement of the pump, stating "At this point, it is not economical to repair the motor" due to the significant amount of damage. This pump has not been in operation since October 2013. The City has already received \$38,583.31 as an insurance settlement for this claim.

During the past 18 months, City staff have been working with Tetra Tech (City's primary sewer consultant) on identifying the cause of the pump failures. Tetra Tech has identified two areas of concern. The first is that the pump has historically operated at such a low speed that grit has accumulated in the force main immediately downstream of the pump instead of being forced through the system into the headworks. This grit flows back to the pump every time it shuts down, causing excessive wear on the pump upon startup. The second area of concern is that large chunks of concrete have been observed entering the headworks during the most recent high flow events (November and December, 2015 and January, 2016).

Tetra Tech is recommending two changes to coincide with the new pump installation. The first is to change the pumping strategy to provide higher flows in an effort to blow the grit through the

City Council Agenda Bill

line into the plant. This will help prevent future grit-caused damage to the pump. The second is to install either a bar or perforated plate screen on the lift station influent pipe to catch the large chunks of concrete (> 2 inches) and prevent them from entering the pumps.

APSCO was chosen as the supplier for the replacement pump because they are the only authorized retailer of WEMCO pumps in the Pacific Northwest. Each pump manufacturer supplies proprietary connections to the pump outlet for use in lift stations. If a pump from a different manufacturer were to be installed, it would require significant changes to the lift station. Replacing the existing WEMCO pump with a new pump of the same make and model will not require any physical changes to the lift station and will be a drop-in installation.

Lead time for the new pump is 14 weeks. City staff will work with Tetra Tech in the meantime to implement the recommended changes prior to installation of the new pump.

COMMITTEE REVIEW AND RECOMMENDATION: This item was reviewed by the Transportation and Public Works Committee at their February 10, 2016 meeting with the recommendation for approval and placement on the consent agenda.

RECOMMENDED ACTION: MOTION to approve AB16-015, authorizing the purchase of equipment for the ULID #6 Lift Station from APSCO, LLC, in the amount of \$37,080.45, plus any applicable sales tax and shipping charges.

RECORD OF COUNCIL ACTION

<i>Meeting Date</i>	<i>Action</i>	<i>Vote</i>
February 16, 2016		

**APSCO, LLC**

PO Box 2639 • Kirkland, WA 98083-2639
 Ph: (425)822-3335 • Fax: (425)827-6171
 E-mail: apsco@apsco-llc.com

Quote

Date	Quote #
3/17/2014	1208 - RV3

Name / Address
City of North Bend Attn: Accounts Payable P.O. Box 896 North Bend, WA 98045 Attn To: Frank Page fpag@northbendwa.gov

Ship To
City of North Bend W.W.T.P.

Terms	FOB
Net 30	Factory

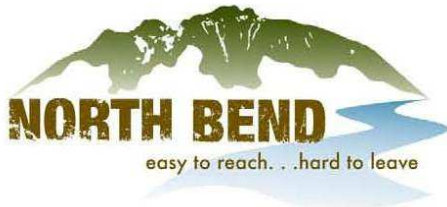
Item	Description	Qty	Lead Time	Cost	Total
F6K-L	WEMCO Model F6K-L Hidrostral Pump to Replace Serial # 10DW07993-01 Includes: > Cast Iron Case > High Chrome Liner > Grooved Liner > High Chrome Impeller > Motor: 13.8HP, 1122RPM, Standard Efficiency 1 speed FEXW6 Immersible. > Standard 50 Ft. (16mm) Cable Length > Cast Iron Guide Shoe > 30 ft. Cable Lifting System > Paint Preparation: Standard Paint Preparation (clean & blast) > WSP Standard Blue Paint - Prime & Top Coat > Freight Does Not Include: > Moisture Detector Relay > Pump Support > Boxing FOB Salt Lake City, UT Freight Allowed to Job-Site > Optional: Start-up \$1,000./per Day	1	14 weeks	34,050.00	34,050.00T

Thank you for your request for quote. Contact Joe Kernkamp @ 425-822-3335 with any questions

Prices are subject to change without notice.

Sales Tax (8.9%) \$3,030.45

Total \$37,080.45



City Council Agenda Bill

SUBJECT:		Agenda Date: February 16, 2016		AB16-016
A Motion Authorizing a Professional Services Contract with Gray & Osborne to Prepare a Storm Drainage Rate Study Update		Department/Committee/Individual		
		Mayor Ken Hearing		
		City Administrator – Londi Lindell		
		City Attorney - Mike Kenyon		
		City Clerk – Susie Oppedal		
		Community & Economic Development – Gina Estep		
		Finance – Dawn Masko		
		Public Works – Mark Rigos, P.E.		X
Cost Impact: \$23,000				
Fund Source: Storm Drainage Professional Services				
Timeline: Immediate				
Attachments: Exhibit A (G&O Cover Letter, Work Scope and Fee); Exhibit B (2013 SD CIP Map)				

SUMMARY STATEMENT:

Historically storm drainage planning and construction has been provided for the purposes of keeping storm drainage away from structures and property to prevent infrastructure damage. In City of North Bend the storm drainage system is located in City public right-of-way, public drainage tracts, park properties and other publicly owned properties. The system is actually comprised of both the built and natural environments. The built environment is a complex matrix of storm drainage collection, conveyance, retention / detention, water quality treatment and outfall elements. The City operates and maintains many individual facilities in each of these elements.

The natural environment includes streams such as Ribary Creeks, Gardiner Creek and Silver Creek. The Middle Fork and South Fork Snoqualmie Rivers also play an integral role in North Bend's storm drainage system. The natural environment also includes wetlands adjacent to the above mentioned waterbodies. The built environment components (noted above) discharge (outfall) into the natural environment, thus collectively there is a symbiotic relationship.

The built environment's collection system is composed of more than 1,000 catch basins and manholes. The conveyance system includes nearly 100 lineal miles of storm drainage pipe, roadside drainage ditches, in-stream sediment traps and culverts. The retention / detention systems are located throughout the City and include infiltration trenches, detention ponds, infiltration ponds, and infiltration vaults. The water quality treatment systems consist of oil / water separators, bio-filtration swales, wet ponds, compost filter vaults, and some bio-infiltration planters. The outfall systems include pipe outfalls, flow control structures, dispersion trenches, gabion basket energy dissipaters, and close coordination with the King County River Management Section on their flap gate pipe discharges into the two rivers. It's important to recognize that all of these drainage facilities increase in magnitude and complexity with each new development in the City of North Bend.

Fortunately, the City does have a Stormwater Comprehensive Plan prepared by Gray & Osborne dated December, 2013. There are a number of great capital improvement projects listed in the Plan, several of which engineering design has begun, such as the floodway culvert replacements under NE 12th Street and an analysis on Ribary Creek. Additionally, there are many areas that flood or have other adverse drainage problems that Public Works staff have recently identified as "problem areas" for the City, which should be addressed and repaired to prevent possible property damage.

Currently, one of the Public Works Department's concerns is that the City lacks a dedicated SWM (Surface Water Management) maintenance group that has the expertise and capability to address many of

City Council Agenda Bill

the ongoing storm drainage operations and maintenance needs.

Another concern is that the City of North Bend, unlike many other local cities in King County, is tasked with managing fairly complicated FEMA / NBMC floodplain and floodway regulations with real flooding consequences that also need to accommodate an increasing amount of private development. In fall of 2015, Public Works staff worked many overtime hours addressing flooded roads, sandbagging properties, pumping flooded areas, attending to overtopped storm drainage ponds, etc.

Public Works Director Rigos believes that the City's Storm Drainage rates need to be evaluated to determine if the revenues are appropriate to pay for the expenses of capital improvement projects and storm drainage related flooding responses. Based on Gray & Osborne's previous work on the Stormwater Comprehensive Plan and their extensive knowledge of the corresponding infrastructure, Director Rigos believes that Gray & Osborne is the most qualified local firm to provide an Updated Rate Study to the City. The G&O cover letter, work scope and fee are attached. The fee is reasonable for the work scope.

COMMITTEE REVIEW AND RECOMMENDATION: This item was reviewed by the Transportation and Public Works Committee at the February 10, 2016 meeting and was recommended for approval and placement on consent agenda.

RECOMMENDED ACTION: MOTION to approve AB16-016, authorizing a Professional Services Contract with Gray & Osborne to prepare a Storm Drainage Rate Study Update, in a form and content acceptable to the City Attorney.

RECORD OF COUNCIL ACTION

<i>Meeting Date</i>	<i>Action</i>	<i>Vote</i>
February 16, 2016		



February 3, 2016

Mr. Mark Rigos, P.E.
Public Works Director
City of North Bend
P.O. Box 896
North Bend, Washington 98045

SUBJECT: ENGINEERING PROPOSAL, STORMWATER AND FLOOD
MANAGEMENT UTILITY RATE AND CAPITAL FACILITIES
CHARGE STUDY
CITY OF NORTH BEND, KING COUNTY, WASHINGTON
G&O #20164.39

Dear Mr. Rigos:

Enclosed is our proposal for engineering services for the analysis and calculation of stormwater and flood management utility rates for the City of North Bend. The scope of work for the project is outlined in Exhibit A and the estimated engineering cost is outlined in Exhibit B. We are immediately available to begin this work as directed by the City.

PROJECT UNDERSTANDING

Gray & Osborne completed a Comprehensive Stormwater Plan Update for the City in December 2013. This was an update to the 2001 Comprehensive Stormwater Plan. Gray & Osborne also completed a Floodplain Management Plan in July 2012. This plan was an update to the 2005 Plan. Both updates were intended to address new areas annexed into the city that were not included in the prior plans. Capital projects for stormwater and flooding problems are included in the Comprehensive Stormwater Plan.

There were no additional capital projects added in the 2013 stormwater plan update; however, new cost estimates were generated for the projects that remained on the capital improvement plan list from 2001. Several of the projects are culvert replacement projects. Based upon new regulations regarding culverts, the scope of these types of projects has changed significantly in the last 5 years and the size of the new culverts and complexity of the permitting is much greater. Therefore, the estimated cost to complete these projects has increased significantly. The current stormwater utility rate is \$9.86 per



Mr. Mark Rigos, P.E.
February 3, 2016
Page 2

month per Equivalent Service Unit (ESU). The current floodplain management utility rate surcharge is \$2.50 per month per ESU. There is also a stormwater Capital Facilities Charge (CFC) of approximately \$925 per new ESU connection.

The 2013 6-Year Stormwater Capital Improvement Plan identified six projects, with an estimated cost of \$1.08 million (2013 dollars). A brief cash flow analysis (in the 2013 plan) indicated that the utility is adequately funded for the 6-year CIP at the current utility rate. However, an analysis of the 20-year planning period (through 2033) indicates a significant capital shortfall starting in 2022. Under the existing utility rate, if all the projects on the list are completed per the schedule, there is an estimated \$7.8 million shortfall by 2034.

The City now desires to complete a stormwater and flood management utility rate study, including a review of staffing and the capital facilities charge, in 2016 in order to adequately prepare for implementation of the capital improvement plan.

Should you have any questions regarding this proposal, please call the undersigned.

Sincerely,

GRAY & OSBORNE, INC

Roger W. Kuykendall, P.E.

RWK/hh
Encl.

EXHIBIT A

SCOPE OF WORK

CITY OF NORTH BEND STORMWATER AND FLOOD MANAGEMENT UTILITY RATE AND CAPITAL FACILITIES CHARGE STUDY

Gray & Osborne, Inc. (Engineer) of Seattle, Washington, will prepare a Stormwater and Flood Management Utility Rate and Capital Facilities Charge Study for the City of North Bend. The scope and schedule for this work assumes that adoption of new rates and charges will be considered by the City Council prior to the end of 2016.

Based on our understanding of the project, we propose to provide engineering services as described in the attached scope of work and fee estimate. Specific tasks in this scope of work include those detailed below.

1. Project Management

Provide overall project management and oversight services including:

- A. Dedicate sufficient staff resources to the project.
- B. Oversee project budget and schedule.
- C. Oversee monthly progress reports and invoices.

2. Quality Assurance/Quality Control

- A. Oversee two in-house quality assurance/quality control (QA/QC) meetings during the course of the project. The meetings will include senior project staff and selected team members. The meetings serve to discuss existing rates and charges, revenues, expenses, capital projects, rate design assumptions, as well as schedule, budget, and deliverables. Meetings are to take place at the following levels:
 - Preliminary Rate Study
 - Final Rate Study
- B. Ensure incorporation of relevant recommendations and suggestions into the final rate study resulting from QA/QC reviews.

3. Data Acquisition

- A. In order to prepare the rate study, specific data regarding the utility's existing and projected expenses and revenues are required. The Engineer will request from the City specific information regarding the existing customer base, projected growth rates (if different from the existing planning documents), capital projects and schedule (if different from the existing planning documents), existing fund balances, indebtedness, fund policies, and other pertinent data necessary to complete the rate study. The Engineer shall be entitled to rely on the accuracy of this information for the purpose of performing these services as detailed herein.
- B. In order to prepare a capital facilities charge, specific data regarding the utility's existing infrastructure is required. The Engineer will request from the City specific information regarding the existing stormwater infrastructure, including a system inventory, original value, age, condition, and capacity. It is critical that distinction between city-funded and donated facilities be made, as only city-funded facilities can be used in calculating a capital facilities charge.

4. Project Meetings and Public Involvement

- A. Prepare for and attend up to three regularly scheduled project meetings with Public Works staff to discuss project progress, schedule, and findings.
- B. Prepare for and attend up to three public meetings, including City Council presentations and/or workshops.

5. Analysis

- A. The Engineer will evaluate the existing utility's infrastructure, generating a system inventory and value assessment for general facilities. This will be used to prepare a General Facilities Charge, which will provide a connection charge for new customers to "buy into" the existing system's general facilities.
- B. The Engineer will evaluate the existing Capital Improvement Plan, including the project costs and schedule to be used to prepare a System Development Charge, which will provide a connection charge for new customers to fund capacity-related system improvements needed to serve growth. The General Facilities Charge and System Development Charge will be combined to create a new Capital Facilities Charge.

- C. The Engineer will review and evaluate the utility's revenues and expenses, including capital expenses, and prepare a 20-year spreadsheet indicating the operating and capital fund balances for 2016 through 2036 based upon the customer base, projected growth, and capital project schedule. The Engineer will prepare up to three different rate and charge scenarios for utility operation and capital implementation to fully recover the total costs of the utility. Scenarios will be presented to staff for review and discussion prior to presenting the information to the public.
- D. The Engineer will prepare a written report explaining the utility rate study's principles and methodology. Specifically, the report will present:
- A brief summary of the applicable laws pertaining to utility rates and charges;
 - Review of the City's fiscal policies, such as reserve requirements, capital replacement funding, and debt service targets;
 - Capital funding plan (rates, charges, debt, grants, developer funded, etc.);
 - Operating forecast;
 - Sufficiency testing to verify the utility is able to fund all of its obligations;
 - Strategies for future funding;
 - Rate design; and
 - Recommendations.
- E. Conduct a QA/QC meeting at the completion of the preliminary rate study and immediately prior to the completion of the final rate study. Incorporate all relevant review comments.

DELIVERABLES

At the conclusion of the design effort and during the course of the project as applicable, the Engineer will deliver to the City the following documents:

- One electronic set of preliminary rate study
- One electronic set of final rate study

BUDGET

The maximum amount payable to the Engineer for completion of work associated with this scope of work, including contingencies, salaries, overhead, direct non-salary costs, and net fee, will not be exceeded without prior written authorization of the City. The budget amount assumes that the project will be complete by December 31, 2016.

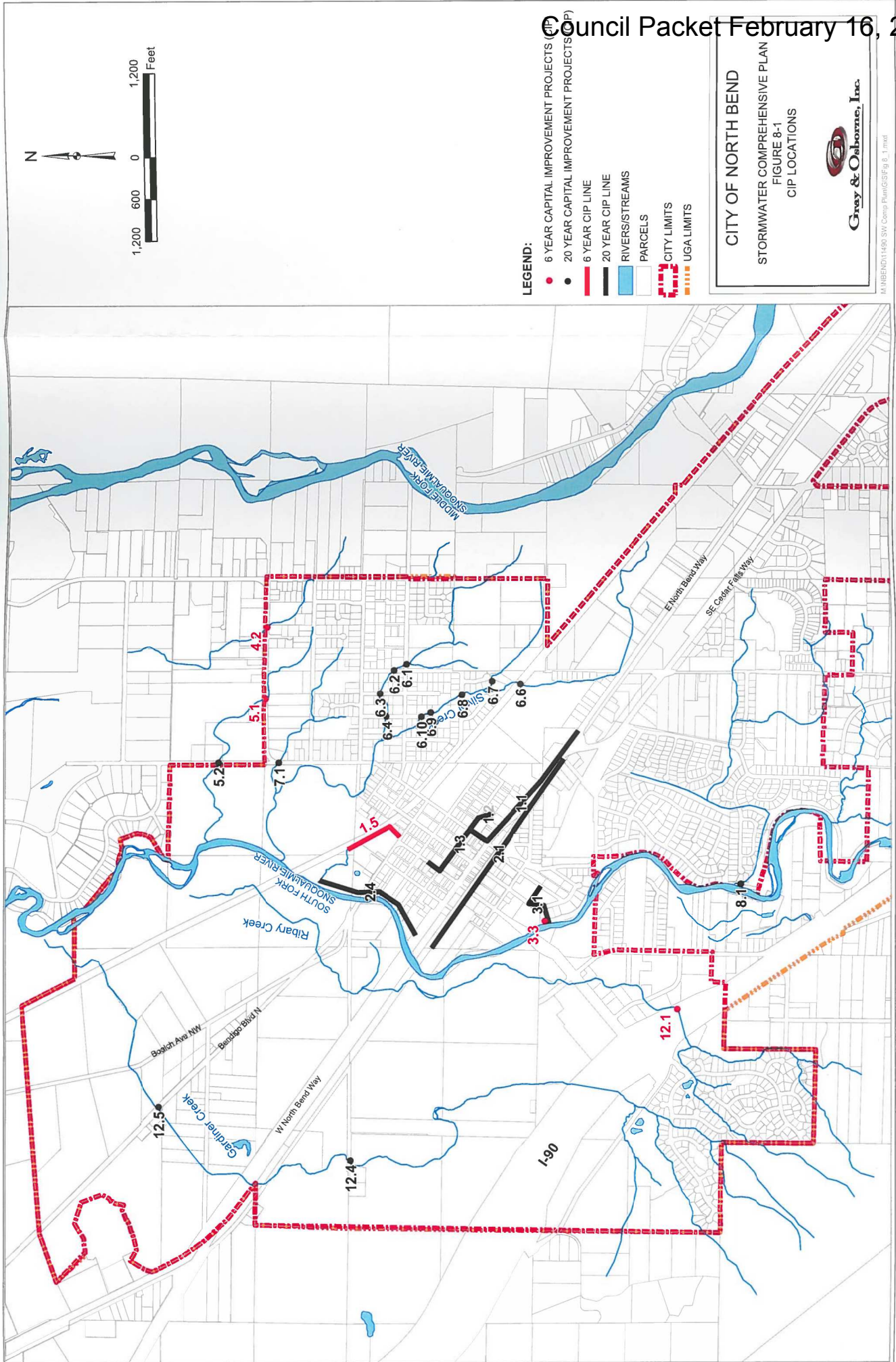
PROJECT ASSUMPTIONS REGARDING CITY RESPONSIBILITIES

This scope of work and the resulting maximum amount payable are based on the following assumptions and those stated City responsibilities as required for the development of the project. See also item assumptions noted in the aforementioned tasks. Changes in these assumptions and responsibilities may cause a change in scope of the services being offered and result in a corresponding adjustment of the contract price.

1. This scope of work assumes that the City will provide overall coordination and approval of the product (standards) deliverables, including timely review of all submittals.
2. This scope of work assumes that the rate study will be based upon existing planning documents. The Engineer will not evaluate existing projects with respect to schedule, priority, or cost, or be required to analyze the system's performance or provide new projects or cost estimates for existing or future projects.
3. This scope of work assumes that the City will facilitate any public meetings, arrange for location(s) to convene such workshops and meetings, and pay any costs, if any, for the rental of such location(s).

EXHIBIT B**FEE ESTIMATE*****City of North Bend – Stormwater and Flood Management Utility Rate and
Capital Facilities Charge Study***

Discipline Required	Estimated		
	Hours	Fully Burdened Rate	Amount
Principal	16	\$150	\$ 2,400
Project Manager/Engineer	96	\$140	\$13,440
Civil Engineer	42	\$125	\$ 5,250
CADD Technician	12	\$88	\$ 1,056
Subtotal, Labor Cost:			\$22,146
Expenses (mileage, printing, miscellaneous):			\$ 854
TOTAL ESTIMATED COST:			\$23,000





City Council Agenda Bill

SUBJECT:		Agenda Date: February 16, 2016		AB16-017
A Motion Authorizing the Purchase of two Neptune Trimble Ranger Handheld Water Meter Readers & Charging Cradles from HD Supply Waterworks Cost Impact: \$17,026.52 Fund Source: 401-000-000-594-34-64-00 Timeline: Immediate		Department/Committee/Individual		
		Mayor Ken Hearing		
		City Administrator – Londi Lindell		
		City Attorney - Mike Kenyon		
		City Clerk – Susie Oppedal		
		Community & Economic Development – Gina Estep		
		Finance – Dawn Masko		
		Public Works – Mark Rigos, P.E.		X
Attachments: HD Supply Waterworks Quote				
<p>SUMMARY STATEMENT:</p> <p>Since 1996 the City’s water department staff have used Neptune water meters which enable maintenance staff to read with a handheld wand that transferred the data to a handheld data collector. Currently, the City has only two outdated handheld data collectors which are no longer supported by the manufacturer and replacement parts are no longer available. If either of these two units were in need of repair the City would not be able to fix them and the water meter reading process and utility billing process would cease. Additionally, the City’s increase in water utility accounts over the last three years necessitates a reliable and efficient process of being able to gather water meter reads.</p> <p>Given the sense of urgency regarding this issue, City staff contacted several suppliers for quotes, including HD Supply Waterworks. However, during the process they realized the existing Neptune meters and Neptune Advantage wands use proprietary technology and are the only compatible brand for the City’s currently installed software data conversion system and utility billing software from Vision Municipal Solutions. HD Supply Waterworks is the only supplier of new Neptune products and provided a quote for two meters in the amount of \$17,026.52 (see attached). Funds for the purchase of new water meter reading equipment were allocated during the 2016 budget process.</p>				
<p>COMMITTEE REVIEW AND RECOMMENDATION: This item was reviewed by the Transportation and Public Works Committee at their February 10, 2016 meeting and was recommended for approval and placement on the consent agenda.</p>				
<p>RECOMMENDED ACTION: MOTION to approve AB16-017, authorizing the purchase of two Neptune Trimble Ranger Handheld water meter readers from HD Supply Waterworks, in an amount of \$17,026.52, plus any applicable sales tax and shipping charges.</p>				
RECORD OF COUNCIL ACTION				
<i>Meeting Date</i>	<i>Action</i>		<i>Vote</i>	
February 16, 2016				

Neptune Handheld and Programming Mouse Quote

12/04/2015

Trimble Ranger Handhelds with Programming Mouse

2 - Trimble Ranger Handhelds @ \$6875 ea. - \$ 13,750.00

Bluetooth, WiFi, WWAN, Camera, Scanner, and Integrated HR2650i RF receiver

Comes with: 1 Stylus, 1 Power Adapter (can be used with cradle), Anti-glare screen protectors, 1 Hand Strap, 1 SD Card, and 1 RF antenna

2 - Charging & Communications Cradles @ \$475 ea. - \$ 950.00

1 - Field Programmer Mouse - USB - \$ 935.00

Complete Trimble Ranger Handheld Package Total - \$ 15,635.00

+ tax - 1,391.52

\$ 17,026.52

Quote By: Derek Chester / Sr. Regional Sales Manager / HD Supply Waterworks

HD SUPPLY
WATERWORKS

ARB® UTILITY MANAGEMENT SYSTEMS™


NEPTUNE
TECHNOLOGY GROUP

TRIMBLE RANGER 3XE HANDHELD DATA COLLECTOR

STREAMLINE AND AUTOMATE WATER MEASUREMENT

When you work with Neptune's R900® System, you'll streamline and automate processes to help your workforce be more efficient in their jobs, saving your utility time and money. The Trimble Ranger 3XE's intuitive design reduces training time, and our automated features ensure that the data you collect is accurate and easy to share with other departments. And if you need it, you can count on our support staff to resolve issues quickly and efficiently. Neptune's systems provide the foundation that you can build on, turning data into meaningful information to improve accuracy, identify hidden causes of loss, and streamline operations.



PROTECT ASSETS WHILE ADOPTING NEW TECHNOLOGIES

Neptune has designed the R900 System to ensure that individual components work easily with past generations of equipment, and will work just as seamlessly with future innovations as your utility's needs evolve. For instance, the Trimble Ranger 3XE maintains support to read R900® MIUs through its internal HR2650i receiver. The Ranger lets you choose manual keyed entry, probed, and walk-by RF data collection methods at any time. The Ranger can also be paired via Bluetooth with the new R900® Belt Clip Transceiver (BCT). This enables features such as RF-activated data logging to extract 96 days' worth of hourly consumption data from the new enhanced R900 or E-Coder®/R900i™ for an individual account. You can phase in these and other new features and equipment at your own pace, confident that Neptune will support your future needs without leaving stranded assets.

ADDRESS CUSTOMER ISSUES AND IMPROVE SERVICE

With the Trimble Ranger 3XE and R900 BCT, access to the meter is not an issue, so your meter readers can quickly capture the information they need remotely. Your field personnel can now have AMI functionality in the palm of their hand, with immediate access to detailed interval data as well as flags for leaks, tamper, and reverse flow from E-Coder®-equipped meters. They can generate graphs of a customer's water consumption and show the customer on-screen exactly when excessive water usage occurred or when a probable continuous leak began. Seeing usage patterns and receiving alerts will help your utility proactively improve your customer service, heading off high bill complaints, reducing delinquent payments, and avoiding write-offs in the process.

KEY BENEFITS

- Increases Efficiency
 - Supports multiple data collection methods – manual keyed entry, probed, and walk-by RF
 - Integrated HR2650i receiver for easy transition to walk-by RF
 - Supports two-way communication to R900 when connected to R900 Belt Clip Transceiver (BCT)
- Protects your meter reading data
 - SD card backup
 - Meets MIL-STD-810G for impact, vibration, humidity, altitude, and extreme temperatures
 - Meets IP67 for protection against dust and water intrusion
- Analyze data at the source
 - View data logging graphs in the field to address high bill complaints
 - Identify high/low audit status failures
 - Receive leak, reverse flow, and days of no flow alerts from E-Coder-equipped meters

SPECIFICATIONS

- Operating System: Windows Mobile 6.5 Professional
- Software Application: N_SIGHT™ R900® (version 4.7 or later)
- Processor: TI AM3715 Sitara ARM Cortex-A8 processor at 800 MHz
- Memory: 256 MB RAM
- Display: 4.2 in (10.6 cm), 640 x 480 pixel, VGA TFT with LED backlighting
- Keyboard: QWERTY full keypad with number pad, directional buttons with 4 programmable buttons
- Power Supply
 - Rechargeable lithium ion battery pack – 11.1V, 2500 mAh, 27.8 Wh
 - Power management system
 - Integrated charge status and low battery indicator
 - Typical 10+ hour work day
- Communication
 - Bluetooth 2.0 + EDR
 - WiFi (802.11b/g)
- WWAN Radios
 - HSDPA, Tri-band
 - HSDPA/UMTS: 850/1900/2100 MHz, Quad-band
 - GSM/GPRS/EDGE
 - CDMA
- Audio: Integrated speaker and microphone
- AMR RF Receiver: HR2650i integrated receiver, Also compatible via Bluetooth with R900 Belt Clip Transceiver (BCT)
- Dimensions
 - Height: 1.9" (4.8 cm)
 - Width: 5.2" (13.1 cm)
 - Length: 10.5" (26.6 cm)
 - Weight: 2.3 lbs. (1.04 kg) including rechargeable battery and stylus
- Temperature Range
 - Operating: -22°F to +140°F (-30°C to +60°C)
 - Storage: -40°F to +158°F (-40°C to +70°C)
 - Humidity: 90% RH temp cycle -4°/+140°F (-20°C/+60°C)

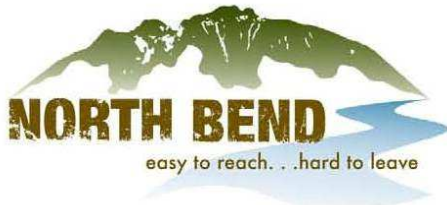
- Environmental
 - Meets or exceeds:
 - Water: IEC-529, IP67
 - Sand & Dust: IEC-529, IP67
 - Drop: MIL-STD-810G, Method 516.6, Procedure IV
 - Vibration: MIL-STD-810G, Method 514.6, Procedure I, II
 - Operating and Storage Temperature: MIL-STD-810G, Method 501.5 – Procedure I, II, Method 502.5 – Procedure I, II, III
 - Temperature Shock: MIL-STD-810G, Method 503.5, Procedure I
 - Humidity: MIL-STD-810G, Method 507.5
 - Altitude: MIL-STD-810G, Method 500.5, Procedure I, II, III
- Approvals
 - FCC, CE, R&TTE, IC (Canada), C-tick, GCF compliant, RoHS compliant, Section 508 compliant, AT&T certified, WiFi Alliance certified, MIL-STD-810G, IP67, MIL-STD-461
- Accessories
 - Ethernet communications and charging cradle
 - Replacement lithium-ion battery
 - Hand strap
 - AC power adapter
 - Anti-glare screen protector
 - Stylus
- Warranty
 - Two year comprehensive warranty
 - Hardware and software maintenance contracts available

Neptune Technology Group Inc.
1600 Alabama Highway 229
Tallahassee, AL 36078
USA
Tel: (800) 633-8754
Fax: (334) 283-7293

Neptune Technology Group (Canada) Inc.
7275 West Credit Avenue
Mississauga, Ontario
L5N 5M9
Canada
Tel (905) 858-4211
Fax (905) 858-0428

Neptune Technology Group (México) S. de RL
Ejército Nacional No 418
Piso 12, Desp 1201-1202
Col Chapultepec Morales
Delegación Miguel Hidalgo
11570 México, Distrito Federal
Tel (525) 55203 5294 / (525) 55203 5708
Fax (525) 55203 6503





City Council Agenda Bill

SUBJECT:	Agenda Date: February 16, 2016		AB16-018
A Motion Authorizing an On-Call Contract with Cascade Machinery & Electric, Inc. for Repair Services	Department/Committee/Individual		
	Mayor Ken Hearing		
	City Administrator – Londi Lindell		
	City Attorney - Mike Kenyon		
	City Clerk – Susie Oppedal		
	Community & Economic Development – Gina Estep		
	Finance – Dawn Masko		
Cost Impact: NTE \$15,000/per year	Public Works – Mark Rigos, P.E.		X
Fund Source: Sewer Utility			
Timeline: On-going as needed			
Attachments: Contract			
<p>SUMMARY STATEMENT:</p> <p>The City of North Bends Wastewater Treatment Plant (WWTP) requires ongoing operations and repairs to address equipment that needs support. Many of these jobs have small costs but the quantity of work required may at times result in work by a single vendor/contractor that exceeds the \$7,500 purchasing threshold established per North Bend Municipal Code 3.30.010. When this threshold is exceeded, continued work by a specific vendor/contractor requires the approval of the City Council. Such is the case with Cascade Machinery & Electric.</p> <p>Cascade has been called several times over the last couple of years for mechanical related repairs at the WWTP and Pump Stations. Cascade Machinery & Electric is located in Seattle. They have been the City's preferred repair service in the past, and they have a vast working knowledge of our WWTP and have been very responsive to the City's needs. We anticipate they will be needed for work and tasks to be undertaken in 2016 as part of the WWTP's upgrades and repairs.</p> <p>To continue use of Cascade Machinery & Electric, staff is seeking approval of a contract on an on-call basis (see attached).</p>			
<p>COMMITTEE REVIEW AND RECOMMENDATION: : This item was reviewed by the Transportation and Public Works Committee at their February 10, 2016 meeting and was recommended for approval and placement on the consent agenda.</p>			
<p>RECOMMENDED ACTION: MOTION to approve AB16-018, authorizing an On-Call Contract with Cascade Machinery & Electric, Inc. for repair services, in a form and content acceptable to the City Attorney.</p>			
RECORD OF COUNCIL ACTION			
<i>Meeting Date</i>	<i>Action</i>	<i>Vote</i>	
February 16, 2016			

CONTRACT FOR ON-CALL SERVICES
City of North Bend and Cascade Machinery & Electric, Inc.

This Agreement is entered into by and between the City of North Bend, Washington, a municipal corporation of the State of Washington, hereinafter referred to as "the City," and Cascade Machinery & Electric, Inc., hereinafter referred to as "the Contractor."

WHEREAS, the City has determined the need to have certain services performed for its citizens; and

WHEREAS, the City desires to have the Contractor perform such services pursuant to certain terms and conditions; NOW, THEREFORE,

IN CONSIDERATION OF the mutual benefits and conditions set forth below, the parties hereto agree as follows:

1. **Scope of Services to be Performed by Contractor.** The Contractor shall perform those services as described in a City requested proposal for on-going repairs to the City's wastewater treatment plant or any other City facilities. In performing such services, the Contractor shall at all times comply with all federal, state, and local statutes, rules, and ordinances applicable to the performance of such services and the handling of any funds used in connection therewith.
2. **Compensation and Method of Payment.** The City shall pay the Contractor for services rendered within ten (10) days after City Council voucher approval. The Contractor will bill the City monthly based upon the rate structure identified in Exhibit C, which attached hereto and incorporated by this reference, for actual time expended and expenses incurred against the City approved budget for the designated project. The Contractor shall be paid a total amount not to exceed **\$15,000** per calendar year without written modification of the Agreement signed by the City. The Contractor shall complete and return Exhibit "A", Taxpayer Identification Number, to the City prior to or along with the first billing invoice submittal.
3. **Duration of Agreement.** This Agreement shall be in full force and effect for a period commencing February 8, 2016 and ending December 31, 2017, and automatically renewed for one year terms every year thereafter unless earlier terminated by the City in accordance with Paragraph 11 herein.
4. **Reserved.**
5. **Independent Contractor.** The Contractor and the City agree that the Contractor is an independent Contractor with respect to the services provided pursuant to this Agreement. Nothing in this Agreement shall be considered to create the relationship of employer and employee between the parties hereto. Neither the Contractor nor any employee of the Contractor shall be entitled to any benefits accorded City employees by virtue of the services provided under this Agreement. The City shall not be responsible for paying, withholding, or otherwise deducting any customary state or federal payroll deductions, including but not limited to FICA, FUTA, state industrial insurance, state workers compensation, or otherwise assuming the duties of an employer with respect to the Contractor or any employee of the Contractor.
6. **Indemnification.** The Contractor shall indemnify, defend, and hold harmless the City, its officers, agents, and employees, from and against any and all claims, losses, or liability, including attorneys' and expert witness fees, arising from injury or death to persons or damage to property occasioned by any negligent act, omission, or failure of the Contractor, its officers, agents, and employees, in performing the work required by this Agreement. With respect to the performance of this Agreement and as to claims against the City, its officers, agents, and employees, the Contractor expressly waives its immunity under Title 51 of the Revised Code of Washington, the Industrial Insurance Act, for injuries to its employees, and agrees that the obligation to indemnify, defend, and hold harmless provided for in this paragraph extends to any claim brought by or on

behalf of any employee of the Contractor. This waiver is mutually negotiated by the parties. This paragraph shall not apply to any damage resulting from the sole negligence of the City, its agents, and employees. To the extent that any of the damages referenced by this paragraph were caused by or resulted from the concurrent negligence of the City, its agents, or employees, this obligation to indemnify, defend, and hold harmless is valid and enforceable only to the extent of the negligence of the Contractor, its officers, agents, and employees.

7. **Insurance.**

- A. The Contractor shall procure and maintain in full force throughout the duration of the Agreement comprehensive general liability insurance with a minimum coverage of \$2,000,000 per occurrence/aggregate for personal injury and property damage. Said policy shall name the City of North Bend as an additional named insured and shall include a provision prohibiting cancellation or reduction in the amount of said policy except upon thirty (30) days prior written notice to the City. Cancellation of the required insurance shall automatically result in termination of this Agreement.
- B. In addition to the insurance provided for in Paragraph A above, the Contractor shall procure and maintain in full force professional liability insurance for those services delivered pursuant to this Agreement that, either directly through Contractor employees or indirectly through contractual or other arrangements with third parties, involve providing professional services. Such professional liability insurance shall be maintained in an amount not less than \$2,000,000 combined single limit per claim/aggregate. For the purposes of this Paragraph "professional services" shall include, but not be limited to, the provision of any services provided by any licensed professional.
- C. Certificates of coverage as required by Paragraphs A and B above shall be delivered to the City within fifteen (15) days of execution of this Agreement.

8. **Record Keeping and Reporting and "Red Flag" Rules.**

- A. The Contractor shall maintain accounts and records, including personnel, property, financial, and programmatic records, which sufficiently and properly reflect all direct and indirect costs of any nature expended and services performed pursuant to this Agreement. The Contractor shall also maintain such other records as may be deemed necessary by the City to ensure proper accounting of all funds contributed by the City to the performance of this Agreement and compliance with this Agreement.
- B. These records shall be maintained for a period of seven (7) years after termination hereof unless permission to destroy them is granted by the Office of the Archivist in accordance with RCW Chapter 40.14 and by the City.
- C. The Contractor has received, and shall adhere to, the City's Identity Theft Prevention Program ("Red Flag" rules) a copy of which is attached as Exhibit "B".

9. **Taxes, Licenses and Permits.**

- A. The Contractor shall procure and maintain a City Business License in accordance with NBMC Chapter 5.04, Business Licenses and Business and Occupation Tax, prior to beginning work under this agreement. The Contractor shall also ensure that, and be responsible for, all Contractors, sub-Contractors, and suppliers, obtain a City Business License.

- B. The Contractor acknowledges that it is responsible for the payment of all charges and taxes applicable to the services performed under this Contract, including NBMC Chapters 5.04 and 5.05, and the Contractor agrees to comply with all applicable laws regarding the reporting of income, maintenance of records, and all other requirements and obligations imposed pursuant to applicable law. If the City does not receive, or is assessed, made liable, or responsible in any manner for such charges or taxes, the Contractor shall reimburse and hold the City harmless from such costs, including attorney's fees. The Contractor shall also require all Contractors, sub-Contractors, and suppliers, pay all charges and taxes in accordance with this paragraph.
 - C. In the event the Contractor fails to pay any taxes, assessments, penalties, or fees imposed by the City or any other governmental body, then the Contractor authorizes the City to deduct and withhold and/or pay over to the appropriate governmental body those unpaid amounts upon demand by the governmental body. This provision shall, at a minimum, apply to taxes and fees imposed by City ordinance. Any such payments shall be deducted from the Contractor's total compensation.
- 10. **Audits and Inspections.** The records and documents with respect to all matters covered by this Agreement shall be subject at all times to inspection, review, or audit by law during the performance of this Agreement. The City shall have the right to conduct an audit of the Contractor's financial statement and condition and to a copy of the results of any such audit or other examination performed by or on behalf of the Contractor.
 - 11. **Termination.** This Agreement may at any time be terminated by the City, with or without cause, upon giving to the Contractor thirty (30) days' written notice of the City's intention to terminate the same. If the Contractor's insurance coverage is canceled for any reason, the City shall have the right to terminate this Agreement immediately.
 - 12. **Discrimination Prohibited.** The Contractor shall not discriminate against any employee, applicant for employment, or any person seeking the services of the Contractor under this Agreement on the basis of race, color, religion, creed, sex, age, national origin, marital status, or presence of any sensory, mental, or physical handicap.
 - 13. **Assignment and Subcontract.** The Contractor shall not assign or subcontract any portion of the services contemplated by this Agreement without the prior written consent of the City.
 - 14. **Entire Agreement.** This Agreement contains the entire agreement between the parties hereto, and no other agreements, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or bind any of the parties hereto. Either party may request changes to the Agreement. Proposed changes which are mutually agreed upon shall be incorporated by written amendments to this Agreement.

15. **Notices.** Notices to the City of North Bend shall be sent to the following address:

Londi Lindell, City Administrator
City of North Bend
P.O. Box 896
211 Main Avenue North
North Bend, Washington 98045
Phone Number: (206) 888-1211

Notices to the Contractor shall be sent to the following address:

Cascade Machinery & Electric, Inc.
Attn: Bryan Corbett
PO Box 3575
Seattle, WA 98124
Phone Number: (206) 762-0500

16. **Applicable Law; Venue; Attorneys' Fees.** This Agreement shall be governed by and construed in accordance with the laws of the State of Washington. In the event any suit, arbitration, or other proceeding is instituted to enforce any term of this Agreement, the parties specifically understand and agree that venue shall be exclusively in King County, Washington. The prevailing party in any such action shall be entitled to its attorney and expert witness fees, and costs of suit.

CITY OF NORTH BEND, WASHINGTON

CASCADE MACHINERY & ELECTRIC, INC

By: _____

By: _____

Kenneth G. Hearing

Title: Mayor

Title: _____

Date: _____

Date: _____

Attest/Authenticated:

Susie Oppedal, City Clerk

Approved As To Form:

Michael R. Kenyon, City Attorney

EXHIBIT A

CITY OF NORTH BEND

P.O. Box 896
211 Main Avenue North
North Bend, WA 98045
Phone: (206) 888-1211
FAX: (206) 831-6200

TAX IDENTIFICATION NUMBER

In order for you to receive reimbursement from the City of North Bend, we must have either a Tax Identification Number or a Social Security Number. The Internal Revenue Code requires a Form 1099 for payments to every person or organization other than a corporation for services performed in the course of trade or business. Further, the law requires us to withhold 20% on reportable amounts paid to unincorporated persons who have not supplied us with their correct Tax Identification Number or Social Security Number.

Please complete the following information request form and return it to the City of North Bend before or along the submittal of the first billing voucher.

Please check the appropriate category:

☐ Corporation ☐ Partnership ☐ Government Agency
☐ Individual/Proprietor ☐ Other (please explain)

TIN#: -- - - - - - - -

SS#: -- - - - - - - -

Print Name: _____

Print Title: _____

Business Name: _____

Business Address: _____

Business Phone: _____

Date

Authorized Signature (required)

EXHIBIT B

CITY OF NORTH BEND
IDENTITY THEFT PREVENTION PROGRAM

I. PROGRAM ADOPTION

The City of North Bend developed this Identity Theft Prevention Program (“Program”) pursuant to the Federal Trade Commission’s Red Flags Rule (“Rule”), which implements Sections 114 and 315 of the Fair and Accurate Credit Transactions Act of 2003. This Program was developed with the oversight and approval of the City’s Finance Director. After consideration of the size and complexity of the City’s operations and account systems, and the nature and scope of the City’s activities, the City Council determined that this Program was appropriate for the City, and therefore approved this Program by the adoption of Ordinance No.1351 on the 21 day of April, 2009.

II. PROGRAM PURPOSE AND DEFINITIONS

A. Fulfilling Requirements of the Red Flags Rule.

Under the Red Flags Rule, every financial institution and creditor is required to establish an identity theft prevention program tailored to its size, complexity and the nature of its operation. The Program must contain reasonable policies and procedures to:

- Identify relevant red flags as defined in the Rule and this Program for new and existing covered accounts, and incorporate those red flags into the Program;
- Detect red flags that have been incorporated into the Program;
- Respond appropriately to any red flags that are detected to prevent and mitigate identity theft; and
- Update the Program periodically to reflect changes in risks to customers or to the safety and soundness of the City from identity theft.

B. Red Flags Rule Definitions Used in this Program.

For the purposes of this Program, the following definitions apply:

Account. “Account” means a continuing relationship established by a person with a creditor to obtain a product or service for personal, family, household or business purposes.

Covered Account. A “covered account” means:

- a. Any account the City offers or maintains primarily for personal, family or household purposes, that involves multiple payments or transactions; and
- b. Any other account the City offers or maintains for which there is a reasonably foreseeable risk to customers or to the safety and soundness of the City from identity theft.

Creditor. “Creditor” has the same meaning as defined in Section 701 of the Equal Credit Opportunity Act, 15 U.S.C. 1691a, and includes a person or entity that arranges for the extension, renewal or continuation of credit, including the City.

Customer. A “customer” means a person or business entity that has a covered account with the City.

Financial Institution. “Financial institution” means a state or national bank, a state or federal savings and loan association, a mutual savings bank, a state or federal credit union, or any other entity that holds a “transaction account” belonging to a customer.

Identifying Information. “Identifying information” means any name or number that may be used, alone or in conjunction with any other information, to identify a specific person, including name, address, telephone number, social security number, date of birth, government passport number, employer or taxpayer identification number or unique electronic identification number.

Identity Theft. “Identity theft” means fraud committed using the identifying information of another person.

Red Flag. A “red flag” means a pattern, practice, or specific activity that indicates the possible existence of identity theft.

Service Provider. “Service provider” means a person or business entity that provides a service directly to the City relating to or in connection with a covered account.

III. IDENTIFICATION OF RED FLAGS

In order to identify relevant red flags, the City shall review and consider the types of covered accounts that it offers and maintains, the methods it provides to open covered accounts, the methods it provides to access its covered accounts, and its previous experiences with identity theft. The City identifies the following red flags, in each of the listed categories:

A. Notification and Warnings from Credit Reporting Agencies - Red Flags.

- Report of fraud accompanying a credit report;
- Notice or report from a credit agency of a credit freeze on a customer or applicant;
- Notice or report from a credit agency of an active duty alert for an applicant; and
- Indication from a credit report of activity that is inconsistent with a customer’s usual pattern or activity.

B. Suspicious Documents - Red Flags.

- Identification document or card that appears to be forged, altered or inauthentic;
- Identification document or card on which a person’s photograph or physical description is not consistent with the person presenting the document;
- Other document with information that is not consistent with existing customer information (such as a person’s signature on a check appears forged); and
- Application for service that appears to have been altered or forged.

C. Suspicious Personal Identifying Information -Red Flags.

- Identifying information presented that is inconsistent with other information the customer provides (such as inconsistent birth dates);

- Identifying information presented that is inconsistent with other sources of information (for instance, an address not matching an address on a driver's license);
- Identifying information presented that is the same as information shown on other applications that were found to be fraudulent;
- Identifying information presented that is consistent with fraudulent activity (such as an invalid phone number or fictitious billing address);
- Social security number presented that is the same as one given by another customer;
- An address or phone number presented that is the same as that of another person;
- Failing to provide complete personal identifying information on an application when reminded to do so (**however, by law social security numbers must not be required**); and
- Identifying information which is not consistent with the information that is on file for the customer.

D. Suspicious Account Activity or Unusual Use of Account - Red Flags.

- Change of address for an account followed by a request to change the account holder's name;
- Payments stop on an otherwise consistently up-to-date account;
- Account used in a way that is not consistent with prior use (such as very high activity);
- Mail sent to the account holder is repeatedly returned as undeliverable;
- Notice to the City that a customer is not receiving mail sent by the City;
- Notice to the City that an account has unauthorized activity;
- Breach in the City's computer system security; and
- Unauthorized access to or use of customer account information.

E. Alerts from Others - Red Flag.

- Notice to the City from a customer, a victim of identity theft, a law enforcement authority or other person that it has opened or is maintaining a fraudulent account for a person engaged in identity theft.

IV. DETECTING RED FLAGS

A. New Accounts.

In order to detect any of the red flags identified above associated with the opening of a **new account**, City personnel will take the following steps to obtain and verify the identity of the person opening the account:

- Require certain identifying information such as name, date of birth, residential or business address, principal place of business for an entity, driver's license or other identification;
- Verify the customer's identity (for instance, review a driver's license or other identification card);
- Review documentation showing the existence of a business entity; and
- Independently contact the customer.

B. Existing Accounts.

In order to detect any of the red flags identified above for an **existing account**, City personnel will take the following steps to monitor transactions with an account:

- Verify the identification of customers if they request information (in person, via telephone, via facsimile, via email);
- Verify the validity of requests to change billing addresses; and
- Verify changes in banking information given for billing and payment purposes.

V. PREVENTING AND MITIGATING IDENTITY THEFT

In the event City personnel detect any identified red flags, such personnel shall take one or more of the following steps, depending on the degree of risk posed by the red flag:

A. Prevent and Mitigate Identity Theft.

- Monitor a covered account for evidence of identity theft;
- Contact the customer with the covered account;
- Change any passwords or other security codes and devices that permit access to a covered account;
- Not open a new covered account;
- Close an existing covered account;
- Reopen a covered account with a new number;
- Not attempt to collect payment on a covered account;
- Notify the Finance Director for determination of the appropriate step(s) to take;
- Notify law enforcement; or
- Determine that no response is warranted under the particular circumstances.

B. Protect Customer Identifying Information.

In order to further prevent the likelihood of identity theft occurring with respect to City accounts, the City shall take the following steps with respect to its internal operating procedures to protect customer identifying information:

- Secure the City website but provide clear notice that the website is not secure;
- Undertake complete and secure destruction of paper documents and computer files containing customer information;
- Make office computers password protected and provide that computer screens lock after a set period of time;
- Keep offices clear of papers containing customer identifying information;
- Request only the last 4 digits of social security numbers (if any);
- Maintain computer virus protection up to date; and
- Require and keep only the kinds of customer information that are necessary for City purposes.

VI. PROGRAM ADMINISTRATION

A. Oversight.

The Finance Director or other designated city employee at the level of senior management shall be responsible for developing, implementing, and updating the Program.

The Finance Director shall also be responsible for the Program administration, for appropriate training of City staff on the Program, for reviewing the annual staff report required under the Program, as well as any other staff reports regarding the detection of red flags and the steps for preventing and mitigating identity theft, determining which steps of prevention and mitigation should be taken in particular circumstances, and considering periodic changes to the Program.

B. Staff Training and Reports.

City staff responsible for implementing the Program shall be trained either by or under the direction of the Finance Director in the detection of red flags, and the responsive steps to be taken when a red flag is detected. Additionally, a compliance report shall be provided annually to the Finance Director. The annual compliance report shall at a minimum address the following:

1. The effectiveness of the City's policies and procedures in addressing the risk of identity theft in connection with the opening of covered accounts and with respect to existing covered accounts;
2. Service provider arrangements;
3. Significant incidents involving identity theft and the City's response; and
4. Recommendations for material changes to the Program.

C. Service Provider Arrangements.

In the event the City engages a service provider to perform an activity in connection with one or more covered accounts, the City shall take the following steps to require that the service provider performs

its activity in accordance with reasonable policies and procedures designed to detect, prevent, and mitigate the risk of identity theft.

- Require, by contract, that service providers acknowledge receipt and review of the Program and agree to perform their activities with respect to City covered accounts in compliance with the terms and conditions of the Program and with all instructions and directives issued by the Finance Director relative to the Program; or
- Require, by contract, that service providers acknowledge receipt and review of the Program and agree to perform their activities with respect to City covered accounts in compliance with the terms and conditions of the service provider's identity theft prevention program and will take appropriate action to prevent and mitigate identity theft; and that the service providers agree to report promptly to the City in writing if the service provider in connection with a City covered account detects an incident of actual or attempted identity theft or is unable to resolve one or more red flags that the service provider detects in connection with a covered account.

D. Customer Identifying Information and Public Disclosure.

The identifying information of City customers with covered accounts shall be kept confidential and shall be exempt from public disclosure to the maximum extent authorized by law, including RCW 42.56.230(4). The City Council also finds and determines that public disclosure of the City's specific practices to identify, detect, prevent, and mitigate identity theft may compromise the effectiveness of such practices and hereby direct that, under the Program, knowledge of such specific practices shall be limited to the Finance Director and those City employees and service providers who need to be aware of such practices for the purpose of preventing identity theft.

VII. PROGRAM UPDATES

The Program will be periodically reviewed and updated to reflect changes in risks to customers and to the safety and soundness of the City from identity theft. The Finance Director shall at least annually review the annual compliance report and consider the City's experiences with identity theft, changes in identity theft methods, changes in identity theft detection and prevention methods, changes in types of accounts the City maintains and changes in the City's business arrangements with other entities and service providers. After considering these factors, the Finance Director shall determine whether changes to the Program, including the listing of red flags, are warranted. If warranted, the Finance Director shall present the recommended changes to the City Council for review and approval.

EXHIBIT C

Cascade Machinery & Electric, Inc.**LABOR RATES**

Effective 10.7.2013

Machinist/Compressors

	<u>In Shop</u>	<u>Field Work</u>
Straight Time	\$ 95.00	\$ 112.00
Overtime	125.00	140.00
Double time	155.00	175.00

Motor Repair

Straight Time	\$ 95.00	\$ 112.00
Overtime	125.00	140.00
Double time	155.00	175.00

Electrician

Straight Time	\$ 125.00	\$ 125.00
Overtime	185.00	185.00
Double time	205.00	205.00

	<u>Portland</u>	<u>Spokane</u>
	<u>All Work</u>	<u>All Work</u>
Straight Time	\$ 92.00	\$ 82.00
Overtime	115.00	\$ 107.00
Double time	145.00	\$ 137.00

Mileage: \$1.00/mile portal-to-portal**Delivery charge: \$50**



City Council Agenda Bill

SUBJECT:		Agenda Date: February 16, 2016		AB16-019
A Motion Authorizing a Work Order with The Blueline Group for Capital Projects Management and Professional Engineering Services		Department/Committee/Individual		
		Mayor Ken Hearing		
		City Administrator – Londi Lindell		
		City Attorney - Mike Kenyon		
		City Clerk – Susie Oppedal		
		Community & Economic Development – Gina Estep		
		Finance – Dawn Masko		X
		Public Works – Mark Rigos, P.E.		X
Cost Impact: ~\$123,000				
Fund Source: General Fund, Impact Fee Funds & Utility Funds – already included in 2016 budget				
Timeline: Immediate				
Attachments: Work Order				
<p>SUMMARY STATEMENT:</p> <p>As part of the 2015-2016 Budget Modification, a Decision Card was presented to the City Council to contract with the Blueline Group for capital projects and professional engineering services. The Public Works Department continues to be extremely busy with ongoing operations and maintenance activities, private development (review and inspection of plats, etc.), and capital projects (transportation/roads, parks, water, sanitary sewer, storm drainage facilities and pavement management) and needs a higher level of technical support than current staffing levels can absorb to keep up with the workload. The Council approved the Decision Card and funds for this contract were included in the 2016 budget.</p> <p>The City has an “on call” professional services contract with Blueline and has been pleased with their work quality. One of their civil engineers previously worked as a civil engineer at the City of North Bend and is well-versed in ongoing City issues specific to engineering and capital project needs.</p> <p>Under this work order, Blueline would be providing professional engineering and management services for the Torguson Park capital project, pavement management program, transportation capital projects (such as the Park Street Roundabout and Bendigo Right Turn Lane capital project construction management), grant application support, and other projects as becomes necessary.</p> <p>Under this work order, Blueline will charge the City \$142 per hour for engineering services and we will receive free principal engineering support time. The workload will be evaluated in 3 month intervals throughout 2016, and renewal for 2017 and beyond would need to be approved by the City Council as part of the 2017-2018 Biennial Budget process.</p>				
<p>COMMITTEE REVIEW AND RECOMMENDATION: The City Council reviewed this item at the October 27, 2015 work study and recommended approval. This item was included in the 2015-2016 Budget Modification adopted by Council on December 8, 2015.</p>				
<p>RECOMMENDED ACTION: MOTION to approve AB16-019, authorizing a work order with The Blueline Group for Capital Projects Management and Professional Engineering Services, in an amount not to exceed \$123,000.</p>				
RECORD OF COUNCIL ACTION				
<i>Meeting Date</i>	<i>Action</i>		<i>Vote</i>	
February 16, 2016				

CITY OF NORTH BEND WORK ORDER 2016-10

This work order dated the 16th day of February 2016 is to specify services to be provided under the On-Call Professional Services contract which has been entered into by the CITY OF NORTH BEND (City) and Blueline Group, Inc. (Consultant). This work order is for the below mentioned project/scope of work.

Work Order No.: 2016-10

Project Name: Blueline – Capital Projects Management and Professional Engineering

Project No.:	Amount: \$123,000
	(Authorized cost of work not to be exceeded without written authorization)
City Project Lead:	<u>Mark Rigos, PE</u> <u>Public Works Director</u>

SCOPE OF WORK:

Blueline will provide professional engineering and capital projects management services to the City as assigned by the Public Works Director or his designee. Projects include:

- Management of Torguson Park Capital Project
- Pavement Management
- Transportation Capital Projects - Park Street Roundabout; NW 14th Street Reconstruction; Bendigo Right Turn Lane; NE 12th Street
- Grant Seeking Support, General Development Review, etc.
- Bendigo Right Turn Lane Capital Project Construction Management
- Ribary Creek Sediment Pond & Gardiner Creek Sediment Trap
- Sidewalk Projects – Stilson; North Bend Way (north side Ballarat to Downing)
- Nintendo Bypass/Levee Setback Project

Compensation will be on a per hour basis, at \$142 per hour, not to exceed the above amount.

CONSULTING FIRM:

CITY OF NORTH BEND:

Authorized Signature

Date

Authorized by

Date

NOTE: The City of North Bend will not be liable for charges for services not authorized by a fully executed work order.

FOR INTERNAL USE ONLY

Funds for work available through the following accounts:

001-000-032-542-10-41-00
402-000-000-535-10-41-06

401-000-000-534-10-41-03
404-000-000-531-31-41-10

Distribution: *Original:* City Clerk

Copies: Project Lead, Consultant, Accounting Coordinator



City Council Agenda Bill

SUBJECT:		Agenda Date: February 16, 2016		AB16-020	
A Motion Authorizing an Interagency Agreement with the Washington State Department of Enterprise Services for an Energy Saving Performance Contract		Department/Committee/Individual			
		Mayor Ken Hearing			
		City Administrator – Londi Lindell			
		City Attorney - Mike Kenyon			
		City Clerk – Susie Oppedal			
		Community & Economic Development – Gina Estep			
		Finance – Dawn Masko			
		Public Works – Mark Rigos, P.E.			
Cost Impact: \$32,400 to \$35,000		Public Works – Donald DeBerg, P.E.		X	
Fund Source: Sewer Operating Fund (402)					
Timeline: Immediate					
Attachments: DES Agreement; Power Point Presentation					
SUMMARY STATEMENT:					
<p>The Washington State Department of Enterprise Services (DES) manages a program called Energy Saving Performance Contracting (ESPC). Under the ESPC program, the DES maintains a list of pre-approved Energy Service Companies (ESCOs) from which public entities can choose to contract with. The program is structured such that projects are implemented using a Design-Build model as opposed to the more traditional Design-Bid-Build model. This means that the City has one point of contact from “cradle to grave”. There are other benefits of the program such as:</p> <ul style="list-style-type: none">• The timeline to implement the project is reduced due to the lack of a need for project advertisement and contract award.• The City can choose the equipment to be installed as well as the Contractor to install it. We will get what we want installed by the people we choose. There is no requirement to use the low-bid contractor.• Low interest financing is available through the Washington State Treasurer.• The City can apply for grant funding that it would otherwise be ineligible for.• The program requires the ESCO to provide three guarantees:<ul style="list-style-type: none">○ Guaranteed Maximum Project Cost○ Guaranteed Savings through reduction in energy use○ Guaranteed Equipment Performance <p>This agreement is the first step in obtaining ESPC services. Under this agreement the DES will assign a project manager to provide project oversight and management throughout the life of the project. This person will also act as an advocate for the City as the project progresses. Reimbursement is based on a pre-determined fee based on the total estimated cost of the project. This item must be approved prior to considering the Ameresco contract. If Council elects to not approve this item, the contract with Ameresco should be removed from the agenda for consideration.</p> <p>Our first proposed project under the ESPC program is the replacement of the wastewater treatment plant’s ultraviolet disinfection system.</p> <p>Attached is a Power Point presentation that provides more detail about the ESPC program.</p>					

City Council Agenda Bill

Additional information is also available on the DES website at the following address:

<http://des.wa.gov/services/facilities/energy/espc/Pages/default.aspx>

COMMITTEE REVIEW AND RECOMMENDATION: This item was reviewed by the Transportation and Public Works Committee at their February 10, 2016 meeting and was recommended for approval.

RECOMMENDED ACTION: **MOTION to approve AB16-020, authorizing an Interagency Agreement with the Washington State Department of Enterprise Services for an Energy Saving Performance Contract, in a form and content acceptable to the City Attorney.**

RECORD OF COUNCIL ACTION

<i>Meeting Date</i>	<i>Action</i>	<i>Vote</i>
February 16, 2016		

Interagency Agreement

Date: January 25, 2016

Department of Enterprise Services

Interagency Agreement No: K3892

**Interagency Agreement Between the
State of Washington
Department of Enterprise Services
and
City of North Bend**

This Agreement, pursuant to Chapter 39.34 RCW, is made and entered into by and between the Department of Enterprise Services, Engineering & Architectural Services, hereinafter referred to as “DES”, and City of North Bend, hereinafter referred to as the “CLIENT AGENCY”.

The purpose of this Agreement is to establish a vehicle for DES to provide future Energy/Utility Conservation Project Management and Monitoring Services to the CLIENT AGENCY and to authorize the development of the energy services proposal.

Now therefore, in consideration of the terms and conditions contained herein, or attached and incorporated by reference and made a part hereof, the above-named parties mutually agree as follows:

1. Statement of Work

DES shall furnish the necessary personnel and services and otherwise do all things necessary for or incidental to the performance of the work set forth in Attachment “A” and Attachment “C”, attached hereto and incorporated herein by reference. Unless otherwise specified, DES shall be responsible for performing all fiscal and program responsibilities as set forth in Attachment “A” and Attachment “C”.

Energy/Utility Conservation projects shall be authorized by Amendment to this Agreement.

2. Terms and Conditions

All rights and obligations of the parties to this Agreement shall be subject to and governed by the terms and conditions contained in the text of this Agreement.

The CLIENT AGENCY shall provide the Energy Services Company (ESCO) with any additional contract language necessary to comply with the requirements established under federal grants, the American Recovery & Reinvestment Act of 2009 (ARRA) and the Energy Efficiency and Conservation Block Grant (EECBG). The ESCO and their subcontractors are required to comply with all applicable federal regulations and reporting procedures.

3. Period of Performance

Subject to its other provisions, the period of performance of this master Agreement shall commence when this Agreement is properly signed, and be completed on **December 31, 2018** unless altered or amended as provided herein.

4. Consideration

Compensation under this Agreement shall be by Amendment to this Agreement for each authorized project. Each Amendment will include a payment schedule for the specific project.

For Project Management Services provided by DES under Attachment “A” of this Agreement, the CLIENT AGENCY will pay DES a Project Management Fee for services based on the total project value per Project Management Fees Schedule set forth in Attachment “B”.

If the CLIENT AGENCY decides not to proceed with an Energy/Utility Conservation project that meets CLIENT AGENCY’s cost effective criteria, then the CLIENT AGENCY will be charged a Termination Fee per Attachment “B”. The Termination Fee will be based on the estimated Total Project Value outlined in the Energy Audit and Energy Services Proposal prepared by the ESCO.

If monitoring and verification services are requested by the CLIENT AGENCY and provided by DES under Attachment “C” of this Agreement, the CLIENT AGENCY will pay DES \$2,000.00 annually for each year of monitoring and verification services requested.

Compensation for services provided by the ESCO shall be paid directly to the ESCO by the CLIENT AGENCY, after DES has reviewed, approved and sent the invoices to the CLIENT AGENCY for payment.

5. Billing Procedure

DES shall submit a single invoice to the CLIENT AGENCY upon substantial completion of each authorized project, unless a project specified a Special Billing Condition in the Amendment. Substantial completion of the project will include the delivery and acceptance of closeout documents and commencement of energy savings notification. Each invoice will clearly indicate that it is for the services rendered in performance under this Agreement and shall reflect this Agreement and Amendment number.

DES will invoice for any remaining services within 60 days of the termination of this Agreement.

6. Payment Procedure

The CLIENT AGENCY shall pay all invoices received from DES within 90 days of receipt of properly executed invoice vouchers. The CLIENT AGENCY shall notify DES in writing if the CLIENT AGENCY cannot pay an invoice within 90 days.

7. Non-Discrimination

In the performance of this Agreement, DES shall comply with the provisions of Title VI of the Civil Rights Act of 1964 (42 USC 200d), Section 504 of the Rehabilitation Act of 1973 (29 USC 794), and Chapter 49.60 RCW, as now or hereafter amended. DES shall not discriminate on the grounds of race, color, national origin, sex, religion, marital status, age, creed, Vietnam-Era and Disabled Veterans status, or the presence of any sensory, mental, or physical disability in:

- a) Any terms or conditions of employment to include taking affirmative action necessary to accomplish the objectives of this part and
- b) Denying an individual the opportunity to participate in any program provided by this Agreement through the provision of services, or otherwise afforded others.

In the event of DES's non-compliance or refusal to comply with the above provisions, this Agreement may be rescinded, canceled, or terminated in whole or in part, and DES declared ineligible for further Agreement with the CLIENT AGENCY. DES shall, however, be given a reasonable time in which to cure this noncompliance. Any dispute may be resolved in accordance with the "Disputes" procedure set forth therein.

8. Records Maintenance

The CLIENT AGENCY and DES shall each maintain books, records, documents, and other evidence that sufficiently and properly reflect all direct and indirect costs expended by either party in the performance of the services described herein. These records shall be subject to inspection, review, or audit by personnel of both parties, other personnel duly authorized by either party, the Office of the State Auditor, and federal officials so authorized by law. DES will retain all books, records, documents, and other material relevant to this agreement for six years after expiration; and the Office of the State Auditor, federal auditors, and any persons duly authorized by the parties shall have full access and the right to examine any of these materials during this period.

9. Contract Management

- a. The CLIENT AGENCY Representative on this Agreement shall be:

Donald DeBerg, P.E., City Engineer
City of North Bend
1155 E. North Bend Way

PO Box 896
North Bend, WA 98045
Telephone (425) 888-7652
Email: ddeberg@northbendwa.gov

The Representative shall be responsible for working with DES, approving billings and expenses submitted by DES, and accepting any reports from DES.

- b. The DES Project Manager on this Agreement shall be:

Douglas Kilpatrick, P.E., Energy Engineer
Department of Enterprise Services
Engineering and Architectural Services
PO Box 41476
Olympia, WA 98504-1476
Telephone (360) 407-9380
Email: doug.kilpatrick@des.wa.gov

Doug will be the contact person for all communications regarding the conduct of work under this Agreement.

10. Hold Harmless

Each party to this Agreement shall be responsible for its own acts and/or omissions and those of its officers, employees and agents. No party to this Agreement shall be responsible for the acts and/or omissions of entities or individuals not a party to this Agreement.

11. Agreement Alterations and Amendments

The CLIENT AGENCY and DES may mutually amend this Agreement. Such Amendments shall not be binding unless they are in writing and signed by personnel authorized to bind the CLIENT AGENCY and DES or their respective delegates.

12. Termination

Except as otherwise provided in this Agreement, either party may terminate this Agreement upon thirty (30) days written notification. If this Agreement is so terminated, the terminating party shall be liable only for performance in accordance with the terms of this Agreement for performance rendered prior to the effective date of termination.

13. Disputes

If a dispute arises under this Agreement, it shall be determined in the following manner: The CLIENT AGENCY shall appoint a member to the Dispute Board. The Director of DES shall appoint a member to the Dispute Board. The CLIENT AGENCY and DES shall jointly appoint a third member to the Dispute Board. The Dispute Board shall evaluate the dispute

and make a determination of the dispute. The determination of the Dispute Board shall be final and binding on the parties hereto.

14. Order of Precedence

In the event of an inconsistency in this Agreement, unless otherwise provided herein, the inconsistency shall be resolved by giving precedence in the following order:

- a) Applicable Federal and State Statutes and Regulations
- b) Terms and Conditions
- c) Attachment "A", Project Management Scope of Work; Attachments "B", Project Management Fees; and Attachment "C", Monitoring Services Scope of Work, and
- d) Any other provisions of the Agreement incorporated by reference.

15. All Writings Contained Herein

This Agreement contains all the terms and conditions agreed upon by the parties. No other understandings, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or to bind any of the parties hereto.

AUTHORIZATION TO PROCEED

Agreed to and signed by:

City of North Bend

**Department of Enterprise Services
Engineering & Architectural Services**

Signature

Signature

Name

William J. Frare, P.E.
Name

Title

Assistant Director
Title

Date

Date

The Department of Enterprise Services provides equal access for all people without regard to race, creed, color, religion, national origin, age, gender, sex, marital status, or disability. Contract information is available in alternative formats. For more information, please call Kim Obi at (360) 407-8273.

K3892agrko

ATTACHMENT A

Scope of Work Energy/Utility Conservation Projects Management Services

Statewide Energy Performance Contracting Program Master Energy Services Agreement No. 2015-181

DES will provide the following project management services for each specific project for the CLIENT AGENCY. Each individual project shall be authorized by Amendment to this Agreement.

1. Assist the CLIENT AGENCY in the selection of an Energy Service Company (ESCO) consistent with the requirements of RCW 39.35A for local governments; or 39.35C for state agencies and school districts.
2. Assist in identifying potential energy/utility conservation measures and estimated cost savings.
3. Negotiate scope of work and fee for ESCO audit of the facility(s).
4. Assist in identifying appropriate project funding sources and assist with obtaining project funding.
5. Assist in negotiating the technical, financial and legal issues associated with the ESCO's Energy Services Proposal.
6. Review and recommend approval of ESCO energy/utility audits and Energy Services Proposals.
7. Provide assistance during the design, construction and commissioning processes.
8. Review and approve the ESCO invoice vouchers for payment.
9. Assist with final project acceptance.
10. Provide other services as required to complete a successful energy performance contract.

ATTACHMENT B

Fee Schedule

2015-17 Interagency Reimbursement Costs
for Project Management Fees to Administer
Energy/Utility Conservation Projects

<u>TOTAL PROJECT VALUE</u>	<u>PROJECT MANAGEMENT FEE</u>	<u>TERMINATION</u>
5,000,001.....6,000,000.....	\$66,000.....	25,700
4,000,001.....5,000,000.....	65,000.....	25,400
3,000,001.....4,000,000.....	64,000.....	25,000
2,000,001.....3,000,000.....	60,000.....	23,400
1,500,001.....2,000,000.....	56,000.....	21,800
1,000,001.....1,500,000.....	49,500.....	19,300
900,001.....1,000,000.....	42,000.....	16,400
800,001.....900,000.....	39,600.....	15,400
700,001.....800,000.....	36,800.....	14,400
600,001.....700,000.....	35,000.....	13,700
500,001.....600,000.....	32,400.....	12,600
400,001.....500,000.....	29,000.....	11,300
300,001.....400,000.....	24,800.....	9,700
200,001.....300,000.....	19,800.....	7,700
100,001.....200,000.....	13,800.....	5,400
50,001.....100,000.....	7,500.....	3,500
20,001.....50,000.....	4,000.....	2,000
0.....20,000.....	2,000.....	1,000

The project management fee on projects over \$6,000,000 is 1.1% of the project cost. The maximum DES termination fee is \$25,700.

1. These fees cover project management services for energy/utility conservation projects managed by DES's Energy Program.
2. Termination fees cover the selection and project management costs associated with managing the ESCO's investment grade audit and proposal that identifies cost effective conservation measures if the CLIENT AGENCY decides not to proceed with the project through DES.
3. If the project meets the CLIENT AGENCY's cost effectiveness criteria and the CLIENT AGENCY decides not to move forward with a project, then the CLIENT AGENCY will be invoiced per Attachment B Termination or \$25,700 whichever is less. If the CLIENT AGENCY decides to proceed with the project then the Agreement will be amended per Attachment B for Project Management Fee.
4. If the audit fails to produce a project that meets the CLIENT AGENCY's established Cost Effectiveness Criteria, then there is no cost to the CLIENT AGENCY and no further obligation by the CLIENT AGENCY.

ATTACHMENT C

Scope of Work Energy/Utility Conservation Projects Monitoring Services

Statewide Energy Performance Contracting Program Master Energy Services Agreement No. 2015-181

If requested DES will provide the following monitoring services for each specific project for the CLIENT AGENCY.

1. Monitor actual energy use and dollar costs, compare with the ESCO's annual Measurement and Verification (M&V) report and any ESCO guarantee, resolve differences, if needed, and approve any vouchers for payment.
2. Monitor facility operations including any changes in operating hours, changes in square footage, additional energy consuming equipment and negotiate changes in baseline energy use which may impact energy savings.
3. Provide annual letter report describing the ESCO's performance, equipment performance and operation, energy savings and additional opportunities, if any, to reduce energy costs.

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Energy Savings Performance Contracting

**For Public Agencies in Washington State
Through DES Energy Program**

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Ameresco – Who We Are

The largest independent ESCO in the industry

□ ESCO

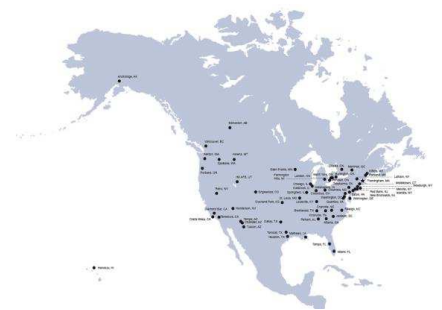
- We are a dedicated Energy Services Company
- Energy projects that pay for themselves through savings
- Engineering expertise drives the entire process

□ Largest

- NYSE listed, assets ~\$600M, “A Excellent” credit rating
- Industry leader with 70 offices in N.A. & 3 in PNW
- Over \$5 billion in ESPCs, \$500M bonding capacity

□ Independent

- NOT an equipment manufacturer – seek best LCC solution
- NOT self performing contractor – work with best/preferred installers
- Best value with tailored solutions through best providers



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Sustainability Partner



Ameresco offers a comprehensive range of energy solutions.

In Washington state, our primary specialization is ESPC performance contracting for Energy Efficiency and Renewable Energy projects

Intelligent Systems	Energy Efficiency	Renewable Energy	Energy Infrastructure	Energy Supply
Utility Bill Analysis, Processing & Payment	Energy Savings Performance Contracting	Power Purchase Agreement	Asset Monetization	Utility Budgeting
Energy Star Reporting	Demand Side Management	Solar Grid-Tie: Rooftop, Ground-mount	Plant Rehabilitation	Commodity Procurement
Green House Gas Tracking & Reporting	Demand Response	Solar Off-Grid	Facilities Management	Rate Analysis Negotiation
Automated Demand Response	Turnkey Design/Build	Solar Thermal	On-site Cogeneration	Price Risk Mitigation
Intelligent Energy Savings Solutions	Facility Renewal	Landfill Gas	Distributed Generation	Green House Gas Management
Invoice Management	LEED Construction	Biogas		Renewable Energy Credits
Asset and Capital Planning	Power Quality & Reliability	Biomass		
Intelligent Wireless Sensing	Energy Waste Services	Geothermal		



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What is an Energy Savings Performance Contract?



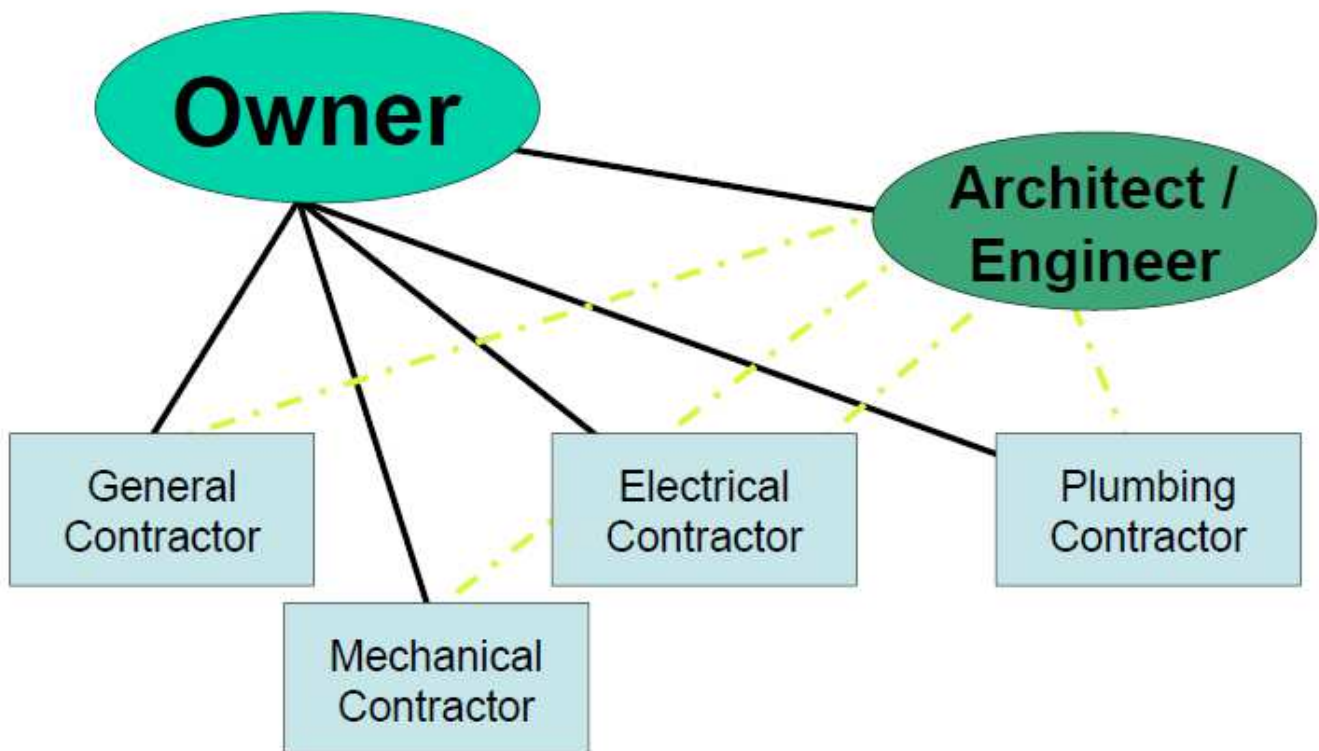
ESPC is a Design/Build approach for energy projects using ***Best Life Cycle Cost***

as the Basis of Design

And the ESCO ***guarantees*** the performance, cost & savings

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Traditional Design–Bid–Build Contracting:



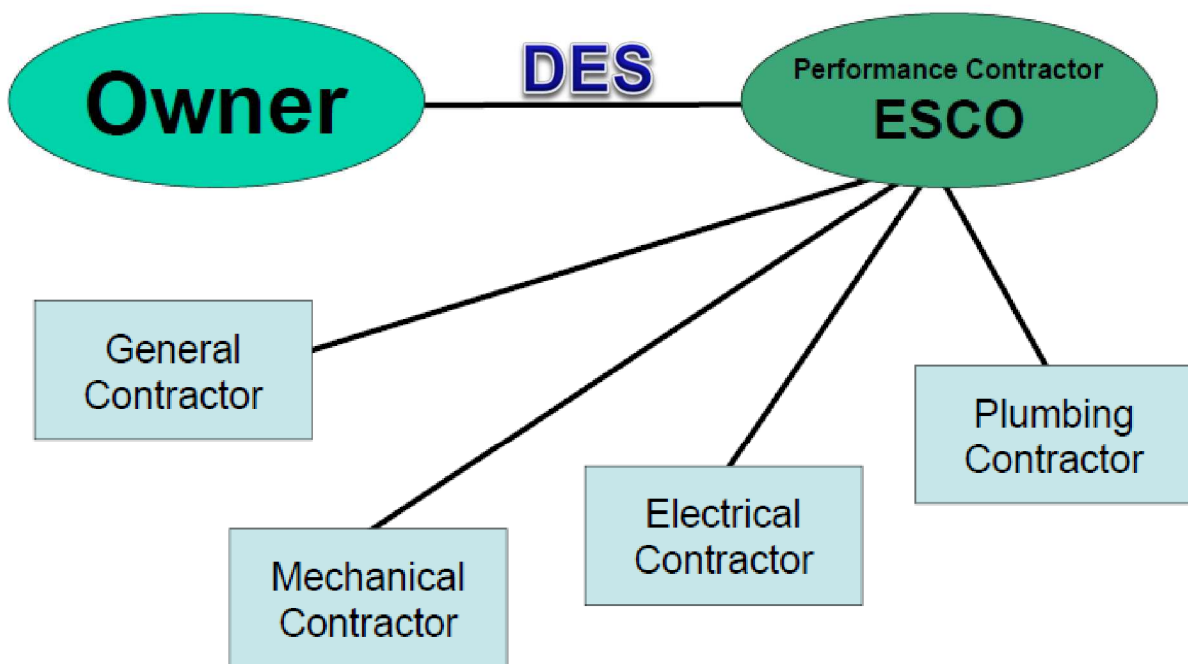
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Disadvantages of Design – Bid – Build:

- Long project lead times
- Large upfront investment for design, costly to modify
- Specialists have no input into design
- Driven by lowest first costs vs. life-cycle cost & value
- Owner does not benefit from project cost savings
- Conflicts over contract docs & unforeseen conditions
- Collaboration between parties can be difficult
- Prone to finger pointing between parties
- *Requires high degree of owner involvement for success*

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ESPC Contracting:



*As allowed by Washington State
Legislature under RCW 39.35*

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Advantages of ESCO Model & ESPC Contracting

- Single source accountability of ESCO
- Open book pricing with DES oversight
- Simplified procurement thru Interagency Agreements
- Required IGA informs calculated project choices
- Qualify for Commerce grants for Efficiency & Solar
- Value is not restricted to lowest bid option
 - Select preferred technology & vendors
 - **Best life-cycle costs drive project choices**
- Collaborative process with turnkey project delivery
- Client retains money for under budget labor & material costs
- ESCO retains risk, guarantees cost & performance

NOT
traditional
contracting

*Ameresco has completed 100's of successful
ESPC projects in Washington*



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Step 1: ESCO Selection

- ☐ Use the Washington Dept of Enterprise Services (DES) program
 - Sign an Interagency Agreement with the DES
 - Select from a list of pre-qualified ESCOs that are under State contract
- ☐ Or, Use an RFQ process

Step 2: Preliminary Energy Audit

- ☐ Ameresco:
 - No cost or obligation to customer
 - Obtains energy use data from utilities
 - Develops a preliminary list of conservation measures, ranked by payback period, and reviews them with the customer
- ☐ Customer:
 - Selects the measures to be investigated in Step 3, the IGA
 - Specifies cost-effectiveness criteria required for project acceptance



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Step 3: Investment Grade Audit

- ❑ Ameresco completes at-risk:
 - Researches utility data and develops energy baseline
 - Engineers ECM options with related costs & energy savings
 - Presents IGA result to Customer, discuss and determine scope
- ❑ Customer:
 - Reviews IGA finding, selects ECMs for inclusion, approves budget
 - DES advocate provides scrutiny and advice

Select ?	ECM #	Conservation Measure	Irrigation Water Use	Current Water Cost \$	Current Total Cost \$	Proposed				Savings				Labor/Mat' Cost	Utility Incentive \$	Final Labor/Mat' Cost \$	Simple Payback
						Future Total Annual Use - Electric		Future Water Cost \$	Future Total Cost \$	Annual Savings Electric		Annual Water Savings (CCF)	Annual Resource Savings \$				
						Consume kWh	Demand kW			Consume kWh	Demand kW						
		Water Conservation Measures															
Yes	RV-W1	Irrigation Control System: This measure will include design and installation of an in-ground irrigation system with automated controls to optimize water usage. Reclaim lake water for	#	9,323	\$32,476	37,150	250		\$1,686	-37,150	-250	12,000	\$20,000	\$162,488		\$162,488	8.12
No	RV-W2	Irrigation Automation and new low flow sprinklers per H2O proposal.															
		Lighting Conservation Measures															
Yes	RV-L1	Lighting Retrofit (interior): This measure will retrofit or replace interior lighting.			\$655	4,834	22		\$194	12,318	43		\$461	\$10,802		\$10,802	23.44

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IGA - Financial Analysis

ECONOMIC ASSUMPTIONS

Interest Rate :	3.50%
Financing Term:	10 years
Payments/year:	2
Est Annual Rate of Energy Increases:	1.50%
Savings Guarantee:	90%
NPV life:	15 years
Client Discount Rate:	2.0%
Reinvest Rate	2.0%
Simple Payback Period Including Fees:	8.2
15 Yr Estimated Net Present Value \$	211,457
15 Yr Estimated Modified Internal Rate of Return	38%

ANNUAL ENERGY SAVINGS	Mechanical	Water	Lighting	General	Total
Electrical Savings (kWh)	87,300	-37,150	235,595	30,582	316,327
Electrical Savings (kW)	0	-250	672	0	422
Nat Gas Savings (Therms)	0	0	0	0	0
Oil (DESI)	0	0	0	0	0
Propane (DESI)	0	0	0	0	0
Water Savings (CCF)	0	12,000	0	0	12,000
\$ Saved	\$ 2,499	\$ 20,000	\$ 8,418	\$ 4,574	\$ 35,491

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IGA – Cash Flow Analysis

PROJECT SAVINGS BASED ON ESTIMATED ENERGY SAVINGS (100%)

Year ending Reference year	2014 1	2023 10	2028 15	2033 20
Mechanical, General, and Water savings	\$ 27,073	\$ 30,955	\$ 33,347	\$ 35,924
Lighting Savings:	\$ 8,418	\$ 9,625	\$ 10,369	\$ 11,170
Lighting Maintenance Savings	\$ 5,002	\$ 2,269	\$ 2,306	\$ 2,306
Other Maintenance Savings	\$ (1,015)	\$ (1,015)	\$ (1,015)	\$ (1,015)
Total Savings:	\$ 39,478	\$ 41,834	\$ 45,007	\$ 48,386
Cumulative Savings:	\$ 39,478	\$ 407,608	\$ 626,241	\$ 861,313

NET ANNUAL CASH FLOW WHEN FINANCING PROJECT:

Annual Costs	\$ (41,770)	\$ (34,759)	\$ -	\$ -
Year	2014	2023	2028	2033
Cumulative costs	\$ (41,770)	\$ (354,600)	\$ (354,600)	\$ (354,600)
Cumulative Savings	\$ 39,478	\$ 407,608	\$ 626,241	\$ 861,313
Est. Cumulative Cash Flow	\$ (2,292)	\$ 53,008	\$ 271,641	\$ 506,713

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Step 4: Energy Services Proposal

- ❑ Evaluation of proposed ECMs
- ❑ ESCO calculates costs, savings and project budget
- ❑ Estimates of utility rebates and grants included
- ❑ Helps customer determine best LCCA value (low-bid not required)
 - Customer selects ECMs that meet their investment criteria
- ❑ Grant application information prepared for submission
 - Project can proceed before grant award
- ❑ Ameresco assists customer to secure best available financing

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Step 5: Contracting, Construction & Cx

- Ameresco:
 - Final scope & budget contracted through DES
 - Bids sub-contracts to select vendors
 - Performs general contractor function, construction management
 - Commissioning of installed ECMs
 - O&M training of the systems installed

Step 6: Measurement & Verification

- Ameresco:
 - Performs annual M&V* and provides a report to the customer showing guaranteed and actual savings (kWh, KW, Therms, CCF, etc.)
 - Must reimburse customer for energy savings shortfalls
 - Must correct issues causing savings shortfall

* M&V is a service contract for which the term is at the discretion of the customer, and the energy guarantee is in effect as long as there is continuous M&V.

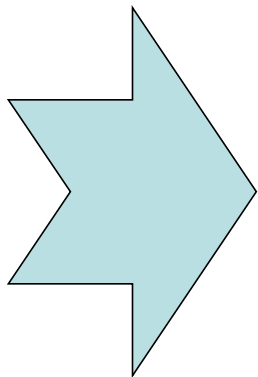


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ESPC Results *Guaranteed*

ESCO provides 3 essential Guarantees:

- Guaranteed Maximum Project Cost
- Guaranteed Equipment Performance
- Guaranteed Energy Savings



Complete solution
Low risk
Budget neutral
Easy to implement

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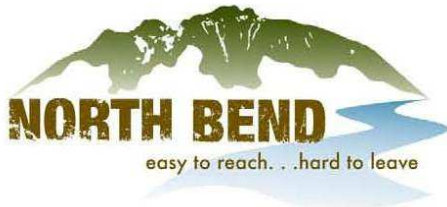
Ameresco Mission Statement



*Leading the quest to change the world
as the trusted sustainability partner
creating valued, single-sourced, efficient energy
solutions delivered with passion, expertise, teamwork
and a relentless focus on customer satisfaction.*



AMERESCO 
Green • Clean • Sustainable



City Council Agenda Bill

SUBJECT:		Agenda Date: February 16, 2016		AB16-021
A Motion Authorizing a Professional Services Contract with Ameresco, Inc. to Perform an Energy Audit of the WWTP Ultraviolet Disinfection System Cost Impact: \$3,800 Fund Source: Sewer Operating Fund (402) Timeline: Immediate		Department/Committee/Individual		
		Mayor Ken Hearing		
		City Administrator – Londi Lindell		
		City Attorney - Mike Kenyon		
		City Clerk – Susie Oppedal		
		Community & Economic Development – Gina Estep		
		Finance – Dawn Masko		
		Public Works – Mark Rigos, P.E.		X
Attachments: Scope and Fee Estimate; Grant Process				
<p>SUMMARY STATEMENT:</p> <p>If the City Council elects not to approve the Interagency Agreement with the Department of Enterprise Services (DES), this agenda item should be removed from the agenda for consideration.</p> <p>Under the State’s Energy Services Performance Contracting (ESPC) program, public entities are authorized to choose from a list of pre-qualified Energy Services Companies (ESCO) to perform design and construction services for projects that will save energy. City staff and consultants have identified potential energy savings that could be realized by updating the ultraviolet (UV) disinfection system at the wastewater treatment plant. In addition to the reduced energy usage, updating this problematic system will increase its reliability, thereby decreasing the chances of a violation of the City’s National Pollutant Discharge Elimination System (NPDES) permit due to failure of the UV system.</p> <p>City staff have met with Ameresco representatives about the UV upgrade project and feel they are a good fit to design and install the updated system. As can be seen in the power point presentation attached to the agenda bill regarding the DES Interagency Agreement, Ameresco is the largest independent ESCO in the industry, having performed hundreds of ESPC contracts in Washington State. Their staff are confident in their ability to provide a sound design for the project.</p> <p>Additionally, if the City elects to move forward with this program, Ameresco will seek and propose financing options for the project. This is likely to include applying for grants (see attachment), seeking credits from utility companies, and seeking low interest loans for which the project qualifies.</p> <p>The first contract to be executed with Ameresco will authorize them to perform an energy audit of the existing UV system and a comparison of its energy usage compared to that of the updated system the City has chosen. If the City feels it is not economically viable to proceed with the project, the City can reject their proposal and all fees associated with performing the energy audit will be waived. If the City elects to proceed with the project, Ameresco will move into full design and construction of the project with the same guarantees noted in the DES agenda bill.</p>				
<p>COMMITTEE REVIEW AND RECOMMENDATION: This item was reviewed by the Transportation and Public Works Committee at the January 13, 2016 meeting and was recommended for approval and placement on the consent agenda.</p>				
<p>RECOMMENDED ACTION: MOTION to approve AB16-021, authorizing a Professional Services Contract with Ameresco, Inc. to Perform an Energy Audit of the WWTP Ultraviolet Disinfection System, in a form and content acceptable to the City Attorney.</p>				
RECORD OF COUNCIL ACTION				
<i>Meeting Date</i>	<i>Action</i>	<i>Vote</i>		
February 16, 2016				



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Renton, WA 98057
P: 206 522 4270
F: 425 687 3171
ameresco.com

1/29/16

Mr. Doug Kilpatrick
Department of Enterprise Services
1500 Jefferson Street SE
PO Box 41012
Olympia, WA 98504-1401

SUBJECT: Energy Audit Fee Proposal
City of North Bend

Dear Doug:

We are pleased to submit this proposal for the audit phase of the City of North Bend Energy Efficiency Upgrades. The facilities which have been identified by City of North Bend are: the Waste Water Treatment Plant. Ameresco will provide engineering services for the subject project in accordance with the following:

Engineering Services

A. Audit Phase Services will include:

Ameresco will undertake an Energy Audit of the Facilities at our risk. The Energy Audit will identify cost effective Energy Conservation Measures (ECMs). Ameresco will present to the Owner a written Energy Services Proposal, including the Energy Audit Documentation. The Energy Services Proposal will set forth at least the following:

1. A description of the Facility and a description of those buildings and systems which will receive ESCO Equipment and ESCO Services;
2. The Cost Effective ECMs to be installed or caused to be installed by the ESCO and a description of the ECMs analyzed but disqualified under the cost effectiveness criteria;
3. The services that the ESCO will perform on or in the Facility, including but not limited to engineering, construction management, the operations and maintenance procedures for use on ESCO Equipment, training for Facility personnel, providing warranty service, and equipment maintenance;
4. The Maximum Allowable Project Cost, itemized in detail;
5. Recommendations for replacement of Existing Equipment, along with recommendations for improvements to Existing Equipment and Operating Conditions;
6. The standards of performance appropriate for the Facility;
7. The Baseline Energy Consumption for the Facility, computed from monitoring systems for two to four weeks and annualizing data;



8. The estimated Energy Savings and Energy Cost Savings that are expected to result from the installation of the ESCO Equipment and from the ESCO Service and an explanation of the method used to make the estimate;
9. The method by which Energy Savings and Energy Cost Savings will be calculated during the term of the Energy Services Agreement;
10. A description of how the ESCO will finance its acquisition of the ESCO Equipment and when title to the ESCO Equipment will pass to the Owner;
11. A description of how the Energy Cost Savings will be guaranteed by the ESCO;
12. A description of how the ESCO proposes to be compensated;
13. The term of the Energy Services Agreement;
14. The schedule for project completion;
15. The nature and extent of work and equipment that the ESCO anticipates it will receive from other firms under sub-contract;
16. Preliminary measurement & verification (M&V) plan: The ESCO will provide on-going measurement and verification to help ensure the predicted savings are achieved throughout the first three years of the agreement. Post installation Measurement and Verification (M&V) will be performed based on the International Performance Measurement and Verification Protocol (IPMVP) – Option A (Retrofit Isolation-Key Parameter Measurement), and on Section IX – Method of Calculating Energy Savings and Energy Cost Savings. The ESCO will attend one annual meeting to review the Measurement & Verification results and reconcile energy savings.

Conservation measures will include items that save energy, water, or other resources (including various cost savings measures). The Energy Audit will provide detailed documentation of fieldwork for the audit, calculation input and output in support of the recommendations made in the Energy Services Proposal, economic and engineering assumptions, sketches, floor plans, and any other information developed in the course of the Audit.

Cost Effectiveness Criteria

It is understood that the cost effectiveness criteria for this project is as follows:

1. Future post-project cash flow, including utility bill savings, maintenance savings, and financing costs will be neutral or positive with respect to pre-project cash flow, assuming a finance term of no more than 15 years and an annual energy cost escalation of 1.5%.
2. The selected Energy Conservation Measures (ECMs) will be evaluated as a bundle in determining whether or not they meet the cost-effectiveness criteria.
3. The total cost of implementing the ECMs will include the cost of the investment grade audit, design, labor and materials, construction management, DES fees, ESCO fees, bonding, permits, taxes, and other costs that may be agreed to.
4. All utility rebates, State grants, or other rebates and grants associated with the proposed bundle of ECMs will be deducted from the cost of implementing them before determining their cost-effectiveness.
5. No more than 90% of the energy cost savings and 100% of the maintenance cost savings (purchased parts and service contracts, but not internal labor costs) will be used for the purpose of determining cost-effectiveness.
6. The finance period for the proposed bundle of ECMs may not exceed their average useful life.

- If Ameresco is NOT able to develop a project that meets the above cost effectiveness criteria, or if the city elects not to complete the project, the associated audit fee will be waived.
- If Ameresco develops a project that meets the cost effectiveness criteria and the client completes the project, the audit fee will be rolled into the construction contract.

Fee for Engineering Services:

A. Basis and amount:

Fixed Fee for Services

Energy Audit: \$3,800

It is understood by Ameresco that payment and terms are contingent upon the requirements set forth in the Energy Services Proposal.

Schedule for Engineering Services:

The energy audit will be targeted for the 3/3/16 Commerce grant application. Ameresco must receive a notice to proceed by 2/24/16 to allow a 7 day performance period in order to prepare the audit and Energy Services Proposal by 3/2/2016.

We at Ameresco, Inc. appreciate the opportunity to provide these services. If this proposal for Audit Services is satisfactory, please forward contract documents.

Sincerely,
Ameresco, Inc.

A handwritten signature in dark ink, appearing to read "Grant A. Thorsland". The signature is stylized with a large, looped initial "G" and a cursive "Thorsland".

Grant A. Thorsland
Regional Manager - Northwest

Attachments: Fee Proposal, Conservation Measure Lists

Hourly Summary:

TASK	Project Manager	Construction Manager	Project Engineer	Field Audit Technician / TAB / Cx	Admin. Assistant	Total Hours
Field/Audit	8					8
Analysis/Calculations	12					12
Evaluation of ECMs	2					2
Report Write-up	2					2
Customer Presentation	2					2
Travel	0			4		4
Total Hours:	26	0	0	4	0	30
Hourly Rate:	\$130	\$120	\$120	\$105	\$75	
Estimated Fee for Services:	\$3,380	\$0	\$0	\$420	\$0	\$3,800

Total Audit Fee - Energy Project:**\$ 3,800****Project:** City of North Bend**Date:** 2/3/2016

WWTP		
Mechanical Conservation Measures		Rank
WWTP- M1	Up grade or replace existing UV system with high efficiency lights, automatic modulating control.	2

PAYBACK RANK NOTES:

- 1) Measures that are likely to pay for themselves through energy savings and utility incentives.
- 2) Measures that may pay for themselves, or may require some capital infusion
- 3) Measures that will require significant (>50%) capital infusion

Department of Commerce Energy Efficiency Grants

State Energy Program / Energy Savings Performance Contracting Process

Opportunity

The Department of Enterprise Services (DES) manages the State Energy Program, which provides public entities with the advantages of implementing an energy efficiency project through the Energy Savings Performance Contracting (ESPC) process. Specialized energy engineering/services companies (ESCOs) are vetted by the state and accept performance risks of the project. Advantages include:

- ✓ **Simplified, open-book contracting through DES** expedites project and adds project oversight
- ✓ ESCO provides **energy efficiency expertise** to design, develop and deliver **turn-key projects**
- ✓ **3 Guarantees of performance:** max project cost, energy savings, and system performance
- ✓ ESPC program **allows preferred equipment and local contractor specification**
- ✓ Projects typically qualify for low interest financing through State Treasurer LOCAL program
- ✓ Projects are **budget neutral**, servicing debt with energy savings from current operations

Energy Grant

Washington State Department of Commerce provides grant funding to qualifying public entities for energy efficiency projects that fast-track energy conservation measures which can be paid from energy savings. The maximum efficiency grant for 2016 is \$350,000 with anticipated program requirements:

- **Leverage ratio:** a 1:3 ratio of grant money to matching local funds is targeted
- **Energy savings:** the higher the energy savings, the higher the score for the application
 - Applicants are encouraged to develop a project with robust and varied conservation measures that deliver a simple payback of seven years or longer
- **2016 Application Deadline:** TBD, expected date is March 2016

Required Steps

The following steps require no financial obligation, but should be initiated as soon as possible to complete the project evaluation and grant application by the deadline.

1. **Execute Inter-agency Agreement with DES:** or initiate alternate direct contracting method through an RFQ process (more time required) which you must manage to Commerce specifications.
2. **Select a qualified ESCO to work with:** you may simply choose Ameresco as your preferred provider and rely on the many safeguards and guarantees built into the ESPC process which minimize risk and assure the project will meet your required cost effectiveness criteria.
3. **Preliminary audit:** Ameresco will conduct a preliminary audit free of charge and with no obligation, to determining potential scope and value of the project. The results of this evaluation will consider all potential energy efficiency upgrades such as; buildings HVAC, lighting, street lighting, sensors, automation/management systems, water conservation, wastewater treatment plant, water delivery systems, renewables and more.
4. **Investment grade audit:** From the findings of the preliminary audit, a refined list of measures are selected by the client for detailed investigation. The investment grade audit will calculate energy savings, project costs, and research possible utility incentives – all information required to prepare and submit a grant application. Cost for this audit is waived if the grant application is not successful and the project cannot meet your specified cost effectiveness criteria.
5. **Grant application:** Ameresco does all the legwork for our clients to develop a compelling project and grant proposal. We provide all of the documentation in a ready-to-go format for the grant application, so our clients can simply approve and submit the application for review. This is a true turn-key solution, from project development through construction and commissioning.

